



J.F. Charles .





AN

INQUIRY

INTO THE

NATURE AND CAUSES

OF THE

WEALTH OF NATIONS

VOL. II.

INQUIRY

INTO THE

NATURE AND CAUSES

OF THE

WEALTH OF NATIONS.

BY .

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IN SCOTLAND;

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IN THE UNIVERSITY OF GLASGOW,

A NEW EDITION,

TO WHICH IS PREFIXED,

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AND A VIEW OF HIS DOCTRINE COMPARED WITH

THAT OF THE FRENCH ECONOMISTS.

IN THREE VOLUMES.

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INQUIRY

INTO THE

NATURE AND CAUSES

OF THE

WEALTH OF NATIONS.

BOOK II.

CHAP. III.

Of the Accumulation of Capital, or of productive and unproductive Labour.

THERE is one fort of labour which BCOK - adds to the value of the fubject upon which it is bestowed: there is another which has no fuch effect. The former, as it produces a value, may be called productive; the latter, unproductive * labour. Thus the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own

CHAP.

III.

^{*} Some French authors of great learning and ingenuity have used those words in a different sense. In the last chapter of the fourth book, I shall endeavour to show that their sense is an improper one.

BOOK maintenance, and of his mafter's profit. The labour of a menial fervant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his mafter, he, in reality, costs him no expence, the value of those wages being generally restored, together with a profit, in the improved value of the fubject upon which his labour is beftowed. But the maintenance of a menial fervant never is restored. A man grows rich by employing a multitude of manufacturers: he grows poor, by maintaining a multitude of menial fervants. The labour of the latter, however, has its value, and deferves its reward as well as that of the former. But the labour of the manufacturer fixes and realizes itself in some particular subject or vendible commodity, which lasts for some time at least after that labour is past. It is, as it were, a certain quantity of labour flocked and flored up to be employed, if necessary, upon some other occafion. That subject, or what is the same thing, the price of that subject, can afterwards, if neceffary, put into motion a quantity of labour equal to that which had originally produced it. The labour of the menial fervant, on the contrary, does not fix or realize itself in any particular fubject or vendible commodity. His fervices generally perish in the very instant of their performance, and feldom leave any trace or value behind them, for which an equal quantity of fervice could afterwards be procured.

The labour of fome of the most respectable orders in the fociety is, like that of menial fer-

vants, unproductive of any value, and does not CHAP. fix or realize itself in any permanent subject, or ______III. vendible commodity, which endures after that labour is past, and for which an equal quantity of labour could afterwards be procured. The fovereign, for example, with all the officers both of justice and war who serve under him, the whole army and navy, are unproductive labourers. They are the fervants of the public, and are maintained by a part of the annual produce of the industry of other people. Their fervice, how honourable, how ufeful, or how necessary foever, produces nothing for which an equal quantity of fervice can afterwards be procured. The protection, fecurity, and defence of the commonwealth, the effect of their labour this year, will not purchase its protection, security, and defence for the year to come. In the fame class must be ranked, fome both of the gravest and most important, and fome of the most frivolous professions: churchmen, lawyers, physicians, men of letters of all kinds; players, buffoons, muficians, opera-fingers, opera-dancers, &c. The labour of the meanest of these has a certain value, regulated by the very fame principles which regulate that of every other fort of labour; and that of the noblest and most useful, produces nothing which could afterwards purchase or procure an equal quantity of labour. Like the declamation of the actor, the harangue of the orator, or the tune of the musician, the work of all of them perifhes in the very instant of its production.

BOOK Both productive and unproductive labourers, and those who do not labour at all, are all equally maintained by the annual produce of the land and labour of the country. This produce, how great foever, can never be infinite, but must have certain limits. According, therefore, as a fmaller or greater proportion of it is in any one year employed in maintaining unproductive hands, the more in the one case and the less in the other will remain for the productive, and the next year's produce will be greater or fmaller accordingly; the whole annual produce, if we

except the fpontaneous productions of the earth, being the effect of productive labour.

Though the whole annual produce of the land and labour of every country, is, no doubt, ultimately deftined for fupplying the confumption of its inhabitants, and for procuring a revenue to them; yet when it first comes either from the ground, or from the hands of the productive labourers, it naturally divides itself into two parts. One of them, and frequently the largest, is, in the first place, destined for replacing a capital, or for renewing the provisions, materials, and finished work, which had been withdrawn from a capital; the other for conftituting a revenue either to the owner of this capital, as the profit of his flock; or to some other person, as the rent of his land. Thus, of the produce of land, one part replaces the capital of the farmer; the other pays his profit and the rent of the landlord; and thus conflitutes a revenue both to the owner of this capital, as the profits of his flock;

and to fome other person, as the rent of his land. C HAP. Of the produce of a great manufactory, in the same manner, one part, and that always the largest, replaces the capital of the undertaker of the work; the other pays his profit, and thus constitutes a revenue to the owner of this capital.

That part of the annual produce of the land and labour of any country which replaces a capital, never is immediately employed to maintain any but productive hands. It pays the wages of productive labour only. That which is immediately deftined for conftituting a revenue either as profit or as rent, may maintain indifferently either productive or unproductive hands.

Whatever part of his flock a man employs as a capital, he always expects it to be replaced to him with a profit. He employs it, therefore, in maintaining productive hands only; and after having ferved in the function of a capital to him, it conftitutes a revenue to them. Whenever he employs any part of it in maintaining unproductive hands of any kind, that part is, from that moment, withdrawn from his capital, and placed in his flock referved for immediate confumption.

Unproductive labourers, and those who do not labour at all, are all maintained by revenue; either, first, by that part of the annual produce which is originally destined for constituting a revenue to some particular persons, either as the rent of land or as the profits of stock; or, secondly, by that part which, though originally destined for replacing a capital and for maintaining productive labourers only, yet when it comes

BOOK into their hands, whatever part of it is over and above their necessary subsistence, may be employed in maintaining indifferently either productive or unproductive hands. Thus, not only the great landlord or the rich merchant, but even the common workman, if his wages are confiderable, may maintain a menial fervant; or he may fometimes go to a play or a puppet-show, and fo contribute his share towards maintaining one set of unproductive labourers; or he may pay fome taxes, and thus help to maintain another fet, more honourable and ufeful, indeed, but equally unproductive. No part of the annual produce, however, which had been originally destined to replace a capital, is ever directed towards maintaining unproductive hands, till after it has put into motion its full complement of productive labour, or all that it could put into motion in the way in which it was employed. The workman must have earned his wages by work done, before he can employ any part of them in this manner. That part too is generally but a fmall one. It is his fpare revenue only, of which productive labourers have feldom a great deal. They generally have fome, however; and in the payment of taxes the greatness of their number may compenfate, in some measure, the smallness of their contribution. The rent of land and the profits of flock are every-where, therefore, the principal fources from which unproductive hands derive their fubfiftence. These are the two forts of revenue of which the owners have generally most to spare. They might both maintain indifferently

ferently either productive or unproductive C HAP. hands. They feem, however, to have fome predilection for the latter. The expence of a great lord feeds generally more idle than industrious people. The rich merchant, though with his capital he maintains industrious people only, yet by his expence, that is, by the employment of his revenue, he feeds commonly the very fame fort as the great lord.

The proportion, therefore, between the productive and unproductive hands, depends very much in every country upon the proportion between that part of the annual produce, which, as foon as it comes either from the ground or from the hands of the productive labourers, is defined for replacing a capital, and that which is defined for conflituting a revenue, either as rent, or as profit. This proportion is very different in rich from what it is in poor countries.

Thus, at prefent, in the opulent countries of Europe, a very large, frequently the largest portion of the produce of the land, is destined for replacing the capital of the rich and independent farmer; the other for paying his profits, and the rent of the landlord. But anciently, during the prevalency of the feudal government, a very small portion of the produce was sufficient to replace the capital employed in cultivation. It consisted commonly in a few wretched cattle, maintained altogether by the spontaneous produce of uncultivated land, and which might, therefore, be considered as a part of that spontaneous produce. It generally too belonged to the landlord, and

BOOK was by him advanced to the occupiers of the land. All the rest of the produce properly belonged to him too, either as rent for his land, or as profit upon this paltry capital. The occupiers of land were generally bondmen, whose persons and effects were equally his property. Those who were not bondmen were tenants at will, and though the rent which they paid was often nominally little more than a quit-rent, it really amounted to the whole produce of the land. Their lord could at all times command their labour in peace, and their fervice in war. Though they lived at a diftance from his house, they were equally dependant upon him as his retainers who lived in it. But the whole produce of the land undoubtedly belongs to him, who can dispose of the labour and service of all those whom it maintains. In the present state of

nishes in proportion to the produce of the land.

In the opulent countries of Europe, great capitals are at present employed in trade and manufactures. In the ancient state, the little trade that was stirring, and the few homely and coarse

Europe, the share of the landlord seldom exceeds a third, sometimes not a sourth part of the whole produce of the land. The rent of land, however, in all the improved parts of the country, has been tripled and quadrupled since those ancient times; and this third or sourth part of the annual produce is, it seems, three or sour times greater than the whole had been before. In the progress of improvement, rent, though it increases in proportion to the extent, dimi-

manufactures that were carried on, required but c yery fmall capitals. These, however, must have yielded very large profits. The rate of interest was no-where less that ten per cent., and their profits must have been sufficient to afford this great interest. At present the rate of interest, in the improved parts of Europe, is no-where higher than six per cent. and in some of the most improved it is so low as four, three, and two per cent. Though that part of the revenue of the inhabitants which is derived from the profits of stock is always much greater in rich than in poor countries, it is because the stock is much greater: in proportion to the stock the profits are generally much less.

That part of the annual produce, therefore, which, as foon as it comes either from the ground, or from the hands of the productive labourers, is destined for replacing a capital, is not only much greater in rich than in poor countries, but bears a much greater proportion to that which is immediately destined for constituting a revenue either as rent or as profit. The funds destined for the maintenance of productive labour, are not only much greater in the former than in the latter, but bear a much greater proportion to those which, though they may be employed to maintain either productive or unproductive hands, have generally a predilection for the latter.

The proportion between those different funds necessarily determines in every country the general character of the inhabitants as to industry or idleness. We are more industrious than our

BOOK forefathers; because in the present times the funds deftined for the maintenance of industry, are much greater in proportion to those which are likely to be employed in the maintenance of idleness, than they were two or three centuries ago. Our ancestors were idle for want of a sufficient encouragement to industry. It is better, fays the proverb, to play for nothing, than to work for nothing. In mercantile and manufacturing towns, where the inferior ranks of people are chiefly maintained by the employment of capital, they are in general industrious, fober, and thriving; as in many English, and in most Dutch towns. In those towns which are principally supported by the constant or occasional residence of a court, and in which the inferior ranks of people are chiefly maintained by the spending of revenue, they are in general idle, diffolute, and poor; as at Rome, Verfailles, Compeigne, and Fontainbleau. If you except Rouen and Bourdeaux, there is little trade or industry in any of the parliament towns of France; and the inferior ranks of people, being chiefly maintained by the expence of the members of the courts of justice, and of those who come to plead before them, are in general idle and poor. The great trade of Rouen and Bourdeaux feems to be altogether the effect of their fituation. Rouen is necessarily the entrepôt of almost all the goods which are brought either from foreign countries, or from the maritime provinces of France, for the confumption of the great city of Paris. Bourdeaux is in the same manner the entrepôt of the wines which

which grow upon the banks of the Garonne, and C H A P. of the rivers which run into it, one of the richest UII. wine countries in the world, and which feems to produce the wine fittest for exportation, or best fuited to the taste of foreign nations. Such advantageous fituations necessarily attract a great capital by the great employment which they afford it; and the employment of this capital is the cause of the industry of those two cities. In the other parliament towns of France, very little more capital feems to be employed that what is necessary for supplying their own consumption; that is, little more than the smallest capital which can be employed in them. The fame thing may be faid of Paris, Madrid, and Vienna. Of those three cities, Paris is by far the most industrious: but Paris itself is the principal market of all the manufactures established at Paris, and its own confumption is the principal object of all the trade which it carries on. London, Lifbon, and Copenhagen, are, perhaps, the only three cities in Europe, which are both the conftant refidence of a court, and can at the same time be confidered as trading cities, or as cities which trade not only for their own confumption, but for that of other cities and countries. The fituation of all the three is extremely advantageous, and naturally fits them to be the entrepôts of a great part of the goods destined for the consumption of distant places. In a city where a great revenue is spent, to employ with advantage a capital for any other purpose than for fupplying the confumption of that city, is probably

BOOK probably more difficult than in one in which the inferior ranks of people have no other maintenance but what they derive from the employment of fuch a capital. The idleness of the greater part of the people who are maintained by the expence of revenue, corrupts, it is probable, the industry of those who ought to be maintained by the employment of capital, and renders it less advantageous to employ a capital there than in other places. There was little trade or industry in Edinburgh before the Union. When the Scotch parliament was no longer to be affembled in it. when it ceased to be the necessary residence of the principal nobility and gentry of Scotland, it became a city of fome trade and industry. It still continues, however, to be the residence of the principal courts of justice in Scotland, of the boards of customs and excise, &c. A considerable revenue, therefore, still continues to be spent in it. In trade and industry it is much inferior to Glafgow, of which the inhabitants are chiefly maintained by the employment of capital. The inhabitants of a large village, it has fometimes been observed, after having made considerable progress in manufactures, have become idle and poor, in confequence of a great lord's having taken up his refidence in their neighbourhood.

The proportion between capital and revenue, therefore, feems every-where to regulate the proportion between industry and idleness. Where-ever capital predominates, industry prevails: wherever revenue, idleness. Every increase or diminution

diminution of capital, therefore, naturally tends C H A P. to increase or diminish the real quantity of industry, the number of productive hands, and consequently the exchangeable value of the annual produce of the land and labour of the country, the real wealth and revenue of all its inhabitants.

Capitals are increased by parsimony, and diminished by prodigality and misconduct.

Whatever a perfon faves from his revenue he adds to his capital, and either employs it himfelf in maintaining an additional number of productive hands, or enables fome other perfon to do fo, by lending it to him for an interest, that is, for a share of the profits. As the capital of an individual can be increased only by what he saves from his annual revenue or his annual gains, so the capital of a society, which is the same with that of all the individuals who compose it, can be increased only in the same manner.

Parfimony, and not industry, is the immediate cause of the increase of capital. Industry, indeed, provides the subject which parsimony accumulates. But whatever industry might acquire, if parsimony did not save and store up, the capital would never be the greater.

Parfimony, by increasing the fund which is destined for the maintenance of productive hands, tends to increase the number of those hands whose labour adds to the value of the subject upon which it is bestowed. It tends therefore to increase the exchangeable value of the annual pro-

duce

BOOK duce of the land and labour of the country. It puts into motion an additional quantity of industry, which gives an additional value to the annual produce.

What is annually faved is as regularly confumed as what is annually fpent, and nearly in the same time too; but it is consumed by a different fet of people. That portion of his revenue which a rich man annually spends, is in most cases confumed by idle guests, and menial fervants, who leave nothing behind them in return for their confumption. That portion which he annually faves, as for the fake of the profit it is immediately employed as a capital, is confumed in the fame manner, and nearly in the fame time too, but by a different fet of people, by labourers, manufacturers, and artificers, who re-produce with a profit the value of their annual confumption. His revenue, we shall suppose, is paid him in money. Had he fpent the whole, the food, clothing, and lodging, which the whole could have purchased, would have been diffributed among the former fet of people. By faving a part of it, as that part is for the fake of the profit immediately employed as a capital either by himfelf or by fome other person, the food, clothing, and lodging, which may be purchased with it, are necessarily referved for the latter. The confumption is the fame, but the confumers are different.

By what a frugal man annually faves, he not only affords maintenance to an additional number of productive hands, for that or the enfuing year, but, like the founder of a public work- c hap house, he establishes as it were a perpetual fund for the maintenance of an equal number in all times to come. The perpetual allotment and destination of this fund, indeed, is not always guarded by any positive law, by any trust-right or deed of mortmain. It is always guarded, however, by a very powerful principle, the plain and evident interest of every individual to whom any share of it shall ever belong. No part of it can ever afterwards be employed to maintain any but productive hands, without an evident loss to the person who thus perverts it from its proper destination.

The prodigal perverts it in this manner. By not confining his expence within his income, he encroaches upon his capital. Like him who perverts the revenues of fome pious foundation to profane purpofes, he pays the wages of idleness with those funds which the frugality of his forefathers had, as it were, confecrated to the maintenance of industry. By diminishing the funds deftined for the employment of productive labour, he necessarily diminishes, so far as it depends upon him, the quantity of that labour which adds a value to the subject upon which it is bestowed, and consequently, the value of the annual produce of the land and labour of the whole country, the real wealth and revenue of its inhabitants. If the prodigality of some was not compensated by the frugality of others, the conduct of every prodigal, by feeding the idle with the bread of the industrious, tends not only

BOOK to beggar himfelf, but to impoverish his country.

Though the expence of the prodigal should be altogether in home-made, and no part of it in foreign commodities, its effect upon the productive funds of the society would still be the same. Every year, there would still be a certain quantity of food and clothing, which ought to have maintained productive, employed in maintaining unproductive hands. Every year, therefore, there would still be some diminution in what would otherwise have been the value of the annual produce of the land and labour of the country.

This expence, it may be faid indeed, not being in foreign goods, and not occasioning any exportation of gold and filver, the same quantity of money would remain in the country as before. But if the quantity of food and clothing, which were thus confumed by unproductive, had been distributed among productive hands, they would have re-produced, together with a profit, the full value of their confumption. The same quantity of money would in this case equally have remained in the country, and there would besides have been a reproduction of an equal value of confumable goods. There would have been two values instead of one.

The fame quantity of money, befides, cannot long remain in any country in which the value of the annual produce diminishes. The sole use of money is to circulate confumable goods. By means of it, provisions, materials, and finished work,

work, are bought and fold, and distributed to CHAP. their proper confumers. The quantity of money, therefore, which can be annually employed in any country, must be determined by the value of the confumable goods annually circulated within it. These must consist either in the immediateproduce of the land and labour of the country itself, or in fomething which had been purchased with fome part of that produce. Their value, therefore, must diminish as the value of that produce diminishes, and along with it the quantity of money which can be employed in circulating them. But the money which by this annual diminution of produce is annually thrown out of domestic circulation, will not be allowed to lie idle. The interest of whoever possesses it, requires that it should be employed. But having no employment at home, it will, in spite of all laws and prohibitions, be fent abroad, and employed in purchasing consumable goods which may be of some use at home. Its annual exportation will in this manner continue for fome time to add fomething to the annual confumption of the country beyond the value of its own annual produce. What in the days of its prosperity had been faved from that annual produce, and employed in purchasing gold and silver, will contribute for fome little time to support its confumption in adverfity. The exportation of gold and filver is, in this case, not the cause, but the effect of its declenfion, and may even, for fome little time, alleviate the mifery of that declenfion.

BOOK The quantity of money, on the contrary, must in every country naturally increase as the value of the annual produce increases. The value of the confumable goods annually circulated within the fociety being greater, will require a greater quantity of money to circulate them. A part of the increased produce, therefore, will naturally be employed in purchasing, wherever it is to be had, the additional quantity of gold and filver necessary for circulating the rest. The increase of those metals will in this case be the effect, not the cause, of the public prosperity. Gold and filver are purchased every where in the same manner. The food, clothing, and lodging, the revenue and maintenance of all those whose labour or flock is employed in bringing them from the mine to the market, is the price paid for them in Peru as well as in England. The country which has this price to pay, will never be long without the quantity of those metals which it has occasion for; and no country will ever long retain a quantity which it has no occasion for.

> Whatever, therefore, we may imagine the real wealth and revenue of a country to confift in, whether in the value of the annual produce of its land and labour, as plain reason feems to dictate; or in the quantity of the precious metals which circulate within it, as vulgar prejudices fuppose; in either view of the matter, every prodigal appears to be a public enemy, and every frugal man a public benefactor.

The effects of misconduct are often the same C HAP. as those of prodigality. Every injudicious and unsuccessful project in agriculture, mines, fisheries, trade, or manufactures, tends in the same manner to diminish the funds destined for the maintenance of productive labour. In every such project, though the capital is consumed by productive hands only, yet, as by the injudicious manner in which they are employed, they do not reproduce the full value of their consumption, there must always be some diminution in what would otherwise have been the productive funds of the society.

It can feldom happen, indeed, that the circumftances of a great nation can be much affected either by the produgality or mifconduct of individuals; the profusion or imprudence of some, being always more than compensated by the frugality and good conduct of others.

With regard to profusion, the principle which prompts to expence, is the passion for present enjoyment; which, though sometimes violent and very difficult to be restrained, is in general only momentary and occasional. But the principle which prompts to save, is the desire of bettering our condition, a desire which, though generally calm and dispassionate, comes with us from the womb, and never leaves us till we go into the grave. In the whole interval which separates those two moments, there is scarce perhaps a single instance in which any man is so perfectly and completely satisfied with his situation, as to be without any wish of alteration or im-

BOOK provement of any kind. An augmentation of fortune is the means by which the greater part of men propose and wish to better their condition. It is the means the most vulgar and the most obvious; and the most likely way of augmenting their fortune, is to save and accumulate some part of what they acquire, either regularly and annually, or upon some extraordinary occasions. Though the principle of expence, therefore, prevails in almost all men upon some occasions, and in some men upon almost all occasions, yet in the greater part of men, taking the whole course of their life at an average, the principle of frugality seems not only to predominate, but to predominate very greatly.

With regard to misconduct, the number of prudent and successful undertakings is everywhere much greater than that of injudicious and unsuccessful ones. After all our complaints of the frequency of bankruptcies, the unhappy men who fall into this misfortune make but a very small part of the whole number engaged in trade, and all other forts of business; not much more perhaps than one in a thousand. Bankruptcy is perhaps the greatest and most humiliating calamity which can befal an innocent man. The greater part of men, therefore, are sufficiently careful to avoid it. Some, indeed, do not avoid it; as some do not avoid the gallows.

Great nations are never impoverished by private, though they fometimes are by public prodigality and misconduct. The whole, or almost the whole, public revenue, is in most

countries

countries employed in maintaining unproductive C HAP. hands. Such are the people who compose a numerous and fplendid court, a great ecclefiaftical establishment, great fleets and armies, who in time of peace produce nothing, and in time of war acquire nothing which can compensate the expence of maintaining them, even while the war lasts. Such people, as they themselves produce nothing, are all maintained by the produce of other men's labour. When multiplied, therefore, to an unnecessary number, they may in a particular year confume fo great a share of this produce, as not to leave a fufficiency for maintaining the productive labourers, who should re-produce it next year. The next year's produce, therefore, will be less than that of the foregoing, and if the same disorder should continue, that of the third year will be still less than that of the fecond. Those unproductive hands, who should be maintained by a part only of the spare revenue of the people, may confume fo great a share of their whole revenue, and thereby oblige fo great a number to encroach upon their capitals, upon the funds destined for the maintenance of productive labour, that all the frugality and good conduct of individuals may not be able to compensate the waste and degradation of produce occasioned by this violent and forced encroachment.

This frugality and good conduct, however, is upon most occasions, it appears from experience, sufficient to compensate, not only the private prodigality and misconduct of indivi-

duals,

BOOK duals, but the public extravagance of govern-ment. The uniform, conftant, and uninterrupted effort of every man to better his condition, the principle from which public and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progress of things toward improvement, in spite both of the extravagance of government, and of the greatest errors of administration. Like the unknown principle of animal life, it frequently reftores health and vigour to the constitution, in spite, not only of the difease, but of the absurd prescriptions of the doctor.

> The annual produce of the land and labour of any nation can be increased in its value by no other means, but by increasing either the number of its productive labourers, or the productive powers of those labourers who had before been employed. The number of its productive labourers, it is evident, can never be much increased, but in consequence of an increase of capital, or of the funds deftined for maintaining them. The productive powers of the same number of labourers cannot be increased, but in confequence either of fome addition and improvement to those machines and instruments which facilitate and abridge labour; or of a more proper division and distribution of employment. In either case an additional capital is almost always required. It is by means of an additional capital only, that the undertaker of any work can either provide his workmen with better machinery, or

make

make a more proper distribution of employment C H A P. among them. When the work to be done confists of a number of parts, to keep every man constantly employed in one way, requires a much greater capital than where every man is occasionally employed in every different part of the work. When we compare, therefore, the flate of a nation at two different periods, and find, that the annual produce of its land and labour is evidently greater at the latter than at the former, that its lands are better cultivated, its manufactures more numerous and more flourishing, and its trade more extensive, we may be affured that its capital must have increased during the interval between those two periods, and that more must have been added to it by the good conduct of fome, than had been taken from it either by the private misconduct of others, or by the public extravagance of government. But we shall find this to have been the case of almost all nations, in all tolerably quiet and peaceable times, even of those who have not enjoyed the most prudent and parsimonious governments. To form a right judgment of it, indeed, we must compare the state of the country at periods somewhat distant from one another. The progress is frequently fo gradual, that, at near periods, the improvement is not only not fensible, but from the declenfion either of certain branches of industry, or of certain diffricts of the country, things which fometimes happen though the country in general be in great prosperity, there frequently arises a fuspicion,

BOOK fuspicion, that the riches and industry of the whole are decaying.

The annual produce of the land and labour of England, for example, is certainly much greater than it was, a little more than a century ago, at the reftoration of Charles II. Though, at prefent, few people, I believe, doubt of this, yet during this period, five years have feldom paffed away in which fome book or pamphlet has not been published, written too with such abilities as to gain fome authority with the public, and pretending to demonstrate that the wealth of the nation was fast declining, that the country was depopulated, agriculture neglected, manufactures decaying, and trade undone. Nor have these publications been all party pamphlets, the wretched offspring of falsehood and venality. Many of them have been written by very candid and very intelligent people; who wrote nothing but what they believed, and for no other reason but because they believed it,

The annual produce of the land and labour of England again, was certainly much greater at the reftoration, than we can suppose it to have been about an hundred years before, at the accession of Elizabeth. At this period too, we have all reason to believe, the country was much more advanced in improvement, than it had been about a century before, towards the close of the differsions between the houses of York and Lancaster. Even then it was, probably, in a better condition than it had been at the Norman conquest, and at the Norman conquest, than during the confusion

of the Saxon Heptarchy. Even at this early C HAP. period, it was certainly a more improved country than at the invafion of Julius Cæfar, when its inhabitants were nearly in the fame state with the savages in North America.

In each of those periods, however, there was, not only much private and public profusion, many expensive and unnecessary wars, great perversion of the annual produce from maintaining productive to maintain unproductive hands; but fometimes, in the confusion of civil discord, such absolute waste and destruction of stock, as might be supposed, not only to retard, as it certainly did, the natural accumulation of riches, but to have left the country, at the end of the period, poorer than at the beginning. Thus, in the happiest and most fortunate period of them all, that which has passed fince the restoration, how many diforders and misfortunes have occurred, which, could they have been foreseen, not only the impoverishment, but the total ruin of the country would have been expected from them? The fire and the plague of London, the two Dutch wars, the diforders of the revolution, the war in Ireland. the four expensive French wars of 1688, 1702, 1742, and 1756, together with the two rebellions of 1715 and 1745. In the course of the four Frenchwars, the nation has contracted more than a hundred and forty-five millions of debt, over and above all the other extraordinary annual expence which they occasioned, so that the whole cannot be computed at lefs than two hundred millions. So great a share of the annual produce

BOOK produce of the land and labour of the country, has, fince the revolution, been employed upon different occasions, in maintaining an extraordinary number of unproductive hands. But had not those wars given this particular direction to fo large a capital, the greater part of it would naturally have been employed in maintaining productive hands, whose labour would have replaced, with a profit, the whole value of their confumption. The value of the annual produce of the land and labour of the country, would have been confiderably increafed by it every year, and every year's increase would have augmented still more that of the following year. More houses would have been built, more lands would have been improved, and those which had been improved before would have been better cultivated, more manufactures would have been established, and those which had been established before would have been more extended; and to what height the real wealth and revenue of the country might, by this time, have been raifed, it is not perhaps very eafy even to imagine.

But though the profusion of government must, undoubtedly, have retarded the natural progress of England towards wealth and improvement, it has not been able to stop it. The annual produce of its land and labour is, undoubtedly, much greater at present than it was either at the restoration or at the revolution. The capital, therefore, annually employed in cultivating this and, and in maintaining this labour, must likewise be much greater. In the midst of all the exactions

exactions of government, this capital has been CHAP. filently and gradually accumulated by the private frugality and good conduct of individuals, by their universal, continual, and uninterrupted effort to better their own condition. It is this effort, protected by law and allowed by liberty to exert itself in the manner that is most advantageous, which has maintained the progrefs of England towards opulence and improvement in almost all former times, and which, it is to be hoped, will do fo in all future times. England, however, as it has never been bleffed with a very parfimonious government, fo parfimony has at no time been the characteristical virtue of its inhabitants. It is the highest impertinence and prefumption, therefore, in kings and ministers, to pretend to watch over the economy of private people, and to reftrain their expence, either by fumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without any exception, the greatest spendthrifts in the fociety. Let them look well after their own expence, and they may fafely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will.

As frugality increases, and prodigality diminishes the public capital, so the conduct of those whose expence just equals their revenue, without either accumulating or encroaching, neither increases nor diminishes it. Some modes of expence, however, seem to contribute more to the growth of public opulence than others.

BOOK The revenue of an individual may be spent, either in things which are confumed immediately, and in which one day's expence can neither alleviate nor fupport that of another; or it may be fpent in things more durable, which can therefore be accumulated, and in which every day's expence may, as he chuses, either alleviate or support and heighten the effect of that of the following day. A man of fortune, for example, may either fpend his revenue in a profuse and fumptuous table, and in maintaining a great number of menial fervants, and a multitude of dogs and horses; or contenting himself with a frugal table and few attendants, he may lay out the greater part of it in adorning his house or his country villa, in ufeful or ornamental buildings, in useful or ornamental furniture, in collecting books, flatues, pictures; or in things more frivolous, jewels, baubles, ingenious trinkets of different kinds; or, what is most trifling of all, in amassing a great wardrobe of fine clothes, like the favourite and minister of a great prince who died a few years ago. Were two men of equal fortune to fpend their revenue, the one chiefly in the one way, the other in the other, the magnificence of the perfon whose expence had been chiefly in durable commodities, would be continually increasing, every day's expence contributing fomething to support and heighten the effect of that of the following day: that of the other, on the contrary, would be no greater at the end of the period than at the beginning. The former too would, at the end of the period, be the richer man of the two. He would have C HAP. a flock of goods of fome kind or other, which, though it might not be worth all that it coft, would always be worth fomething. No trace or veftige of the expence of the latter would remain, and the effects of ten or twenty years profusion would be as completely annihilated as if they had never existed.

As the one mode of expence is more favourable than the other to the opulence of an individual, so is it likewise to that of a nation. The houses, the furniture, the clothing of the rich, in a little time become ufeful to the inferior and middling ranks of people. They are able to purchase them when their superiors grow weary of them, and the general accommodation of the whole people is thus gradually improved, when this mode of expence becomes univerfal among men of fortune. In countries which have long been rich, you will frequently find the inferior ranks of people in possession both of houses and furniture perfectly good and entire, but of which neither the one could have been built, nor the other have been made for their use. What was formerly a feat of the family of Seymour, is now an inn upon the Bath road. The marriage bed of James the First of Great Britain, which his Queen brought with her from Denmark, as a present fit for a fovereign to make to a fovereign, was, a few years ago, the ornament of an alehouse at Dunfermline. In some ancient cities, which either have been long stationary, or have gone fomewhat to decay, you will fometimes

BOOK scarce find a single house which could have been built for its present inhabitants. If you go into those houses too, you will frequently find many excellent, though antiquated pieces of furniture, which are still very fit for use, and which could as little have been made for them. Noble palaces, magnificent villas, great collections of books, statues, pictures, and other curiofities, are frequently both an ornament and an honour, not only to the neighbourhood, but to the whole country to which they belong. Versailles is an ornament and an honour to France, Stowe and Wilton to England. Italy still continues to command fome fort of veneration by the number of monuments of this kind which it possesses, though the wealth which produced them has decayed, and though the genius which planned them feems to be extinguished, perhaps from not having the fame employment.

The expence too; which is laid out in durable commodities, is favourable, not only to accumulation, but to frugality. If a person should at any time exceed in it, he can eafily reform without exposing himself to the censure of the public. To reduce very much the number of his fervants, to reform his table from great profusion to great frugality, to lay down his equipage after he has once fet it up, are changes which cannot escape the observation of his neighbours, and which are supposed to imply some acknowledgement of preceding bad conduct. Few, therefore, of those who have once been so unfortunate as to launch out too far into this fort of expence,

have

have afterwards the courage to reform, till ruin and bankruptcy oblige them. But if a person has at any time, been at too great an expence in building, in furniture, in books or pictures, no imprudence can be inferred from his changing his conduct. These are things in which further expence is frequently rendered unnecessary by former expence; and when a person stops short, he appears to do so, not because he has exceeded his fortune, but because he has satisfied his fancy.

The expence, besides, that is laid out in durable commodities, gives maintenance, commonly, to a greater number of people, than that which is employed in the most profuse hospitality. Of two or three hundred weight of provisions, which may fometimes be ferved up at a great festival, one-half, perhaps, is thrown to the dunghill, and there is always a great deal wasted and abused. But if the expence of this entertainment had been. employed in fetting to work masons, carpenters, upholsterers, mechanics, &c. a quantity of provisions, of equal value, would have been distributed among a still greater number of people, who would have bought them in penny-worths and pound weights, and not have loft or thrown away a fingle ounce of them. In the one way, befides, this expence maintains productive, in the other unproductive hands. In the one way, therefore, it increases, in the other, it does not increase, the exchangeable value of the annual produce of the land and labour of the country.

I would

BOOK. I would not, however, by all this be underflood to mean, that the one species of expence always betokens a more liberal or generous spirit than the other. When a man of fortune spends his revenue chiefly in hospitality, he shares the greater part of it with his friends and companions; but when he employs it in purchasing fuch durable commodities, he often fpends the whole upon his own perfon, and gives nothing to any body without an equivalent. The latter fpecies of expence, therefore, especially when directed towards frivolous objects, the little ornaments of dress and furniture, jewels, trinkets, gewgaws, frequently indicates, not only a trifling, but a base and selfish disposition. All that I mean is, that the one fort of expence, as it always occasions some accumulation of valuable commodities, as it is more favourable to private frugality, and, confequently, to the increase of the public capital, and as it maintains productive, rather than unproductive hands, conduces more

than the other to the growth of public opulence.

CHAP. IV.

Of Stock lent at Interest.

THE stock which is lent at interest is always C HAP. confidered as a capital by the lender. He expects that in due time it is to be reftored to him, and that in the mean time the borrower is to pay him a certain annual rent for the use of it. The borrower may use it either as a capital, or as a stock referved for immediate confumption. If he uses it as a capital, he employs it in the maintenance of productive labourers, who reproduce the value with a profit. He can, in this case, both restore the capital and pay the interest without alienating or encroaching upon any other fource of revenue. If he uses it as a stock referved for immediate confumption, he acts the part of a prodigal, and diffipates in the maintenance of the idle, what was deftined for the fupport of the industrious. He can, in this case, neither restore the capital nor pay the interest, without either alienating or encroaching upon fome other fource of revenue, fuch as the property or the rent of land.

The flock which is lent at interest is, no doubt, occasionally employed in both these ways, but in the former much more frequently than in the latter. The man who borrows in order to spend will soon be ruined, and he who lends to him will generally have occasion to repent of his

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folly.

BOOK folly. To borrow or to lend for fuch a purpose, therefore, is in all cases, where gross usury is out of the question, contrary to the interest of both parties; and though it no doubt happens fometimes that people do both the one and the other; yet, from the regard that all men have for their own interest, we may be assured, that it cannot happen fo very frequently as we are fometimes apt to imagine. Ask any rich man of common prudence, to which of the two forts of people he has lent the greater part of his flock, to those who, he thinks, will employ it profitably, or to those who will spend it idly, and he will laugh at you for proposing the question. Even among borrowers, therefore, not the people in the world most famous for frugality, the number of the frugal and industrious furpasses considerably that of the prodigal and idle.

The only people to whom flock is commonly lent, without their being expected to make any very profitable use of it, are country gentlemen who borrow upon mortgage. Even they scarce ever borrow merely to spend. What they borrow, one may say, is commonly spent before they borrow it. They have generally consumed so great a quantity of goods, advanced to them upon credit by shopkeepers and tradesmen, that they find it necessary to borrow at interest in order to pay the debt. The capital borrowed replaces the capitals of those shopkeepers and tradesmen, which the country gentlemen could not have replaced from the rents of their estates. It is not properly borrowed in order to be spent, but in

order

order to replace a capital which had been fpent c H AP. before.

Almost all loans at interest are made in money, either of paper, or of gold and filver. But what the borrower really wants, and what the lender really fupplies him with, is not the money, but the money's worth, or the goods which it can purchase. If he wants it as a stock for immediate confumption, it is those goods only which he can place in that stock. If he wants it as a capital for employing industry, it is from those goods only that the industrious can be furnished with the tools, materials, and maintenance, necessary for carrying on their work. By means of the loan, the lender, as it were, affigns to the borrower his right to a certain portion of the annual produce of the land and labour of the country, to be employed as the borrower pleafes.

The quantity of stock, therefore, or, as it is commonly expressed, of money which can be lent at interest in any country, is not regulated by the value of the money, whether paper or coin, which serves as the instrument of the different loans made in that country, but by the value of that part of the annual produce which, as soon as it comes either from the ground, or from the hands of the productive labourers, is destined not only for replacing a capital, but such a capital as the owner does not care to be at the trouble of employing himself. As such capitals are commonly lent out and paid back in money, they constitute what is called the monied interest. It is distinct, not only from the landed, but from the trading and

BOOK manufacturing interests, as in these last the owners themselves employ their own capitals. Even in the monied interest, however, the money is, as it were, but the deed of affignment, which conveys from one hand to another those capitals which the owners do not care to employ themselves. Those capitals may be greater in almost any proportion, than the amount of the money which ferves as the instrument of their conveyance; the same pieces of money fuccessively ferving for many different loans, as well as for many different purchases. A, for example, lends to W a thousand pounds, with which W immediately purchases of B a thousand pounds worth of goods. B having no occasion for the money himfelf, lends the identical pieces to X, with which X immediately purchases of C another thousand pounds worth of goods. C in the fame manner, and for the fame reason, lends them to Y, who again purchases goods with them of D. In this manner the same pieces, either of coin or of paper, may, in the course of a few days, ferve as the inftrument of three different loans, and of three different purchases, each of which is, in value, equal to the whole amount of those pieces. What the three monied men A, B, and C, affign to the three borrowers, W, X, Y, is the power of making those purchases. In this power confift both the value and the use of the loans. The flock lent by the three monied men, is equal to the value of the goods which can be purchased with it, and is three times greater than that of the money with which the purchases are made. Those loans, however, may be all perfectly

feetly well fecured, the goods purchased by the c HAP. different debtors being so employed, as, in due time, to bring back, with a profit, an equal value either of coin or of paper. And as the same pieces of money can thus serve as the instrument of different loans to three, or for the same reason, to thirty times their value, so they may likewise successively serve as the instrument of repayment.

A capital lent at interest may, in this manner, be considered as an assignment from the lender to the borrower of a certain considerable portion of the annual produce; upon condition that the borrower in return shall, during the continuance of the loan, annually assign to the lender a smaller portion, called the interest; and at the end of it, a portion equally considerable with that which had originally been assigned to him, called the repayment. Though money, either coin or paper, serves generally as the deed of assignment both to the smaller, and to the more considerable portion, it is itself altogether different from what is assigned by it.

In proportion as that share of the annual produce which, as soon as it comes either from the ground, or from the hands of the productive labourers, is destined for replacing a capital, increases in any country, what is called the monied interest naturally increases with it. The increase of those particular capitals from which the owners wish to derive a revenue, without being at the trouble of employing them themselves, naturally accompanies the general increase of capitals; or,

BOOK in other words, as flock increases, the quantity of flock to be lent at interest grows gradually greater and greater.

As the quantity of flock to be lent at interest increases, the interest, or the price which must be paid for the use of that stock, necessarily diminishes, not only from those general causes which make the market price of things commonly diminish as their quantity increases, but from other causes which are peculiar to this particular case. As capitals increase in any country, the profits which can be made by employing them necessarily diminish. It becomes gradually more and more difficult to find within the country a profitable method of employing any new capital. There arises in consequence a competition between different capitals, the owner of one endeavouring to get poffession of that employment which is occupied by another. But upon most occasions he can hope to justle that other out of this employment, by no other means but by dealing upon more reasonable terms. He must not only fell what he deals in fomewhat cheaper, but in order to get it to fell, he must sometimes too buy it dearer. The demand for productive labour, by the increase of the funds which are deflined for maintaining it, grows every day greater and greater. Labourers eafily find employment, but the owners of capitals find it difficult to get labourers to employ. Their competition raifes the wages of labour, and finks the profits of flock. But when the profits which can be made by the use of a capital are in this manner diminished.

nished, as it were, at both ends, the price which CHAP. can be paid for the use of it, that is, the rate of interest, must necessarily be diminished with them.

Mr. Locke, Mr. Law, and Mr. Montesquieu, as well as many other writers, feem to have imagined that the increase of the quantity of gold and filver, in confequence of the difcovery of the Spanish West Indies, was the real cause of the lowering of the rate of interest through the greater part of Europe. Those metals, they fay, having become of lefs value themselves, the use of any particular portion of them necessarily became of less value too, and consequently the price which could be paid for it. This notion, which at first fight feems so plausible, has been so fully exposed by Mr. Hume, that it is, perhaps, unnecessary to fay any thing more about it. The following very fhort and plain argument, however, may ferve to explain more diffinely the fallacy which feems to have mifled those gentlemen.

Before the discovery of the Spanish West Indies, ten per cent. feems to have been the common rate of interest through the greater part of Europe. It has fince that time in different countries funk to fix, five, four, and three per cent. Let us suppose that in every particular country the value of filver has funk precifely in the fame proportion as the rate of interest; and that in those countries, for example, where interest has been reduced from ten to five per cent., the same quantity of filver can now purchase just half the quantity of goods which it could have purchased

BOOK before. This supposition will not, I believe, be found any-where agreeable to the truth, but it is the most favourable to the opinion which we are going to examine; and even upon this fuppofition it is utterly impossible that the lowering of the value of filver could have the fmallest tendency to lower the rate of interest. If a hundred pounds are in those countries now of no more value than fifty pounds were then, ten pounds must now be of no more value than five pounds were then. Whatever were the causes which lowered the value of the capital, the same must neceffarily have lowered that of the interest, and exactly in the fame proportion. The proportion between the value of the capital and that of the interest, must have remained the same, though the rate had never been altered. By altering the rate, on the contrary, the proportion between those two values is necessarily altered. If a hundred pounds now are worth no more than fifty were then, five pounds now can be worth no more than two pounds ten shillings were then. By reducing the rate of interest, therefore, from ten to five per cent., we give for the use of a capital, which is supposed to be equal to one-half of its former value, an interest which is equal to onefourth only of the value of the former interest.

Any increase in the quantity of filver, while that of the commodities circulated by means of it remained the same, could have no other effect than to diminish the value of that metal. The nominal value of all forts of goods would be greater, but their real value would be precisely

the same as before. They would be exchanged C HAP. for a greater number of pieces of filver; but the quantity of labour which they could command, the number of people whom they could maintain and employ, would be precifely the fame. The capital of the country would be the fame, though a greater number of pieces might be requisite for conveying any equal portion of it from one hand to another. The deeds of affignment, like the conveyances of a verbofe attorney, would be more cumbersome, but the thing assigned would be precifely the same as before, and could produce only the same effects. The funds for maintaining productive labour being the fame, the demand for it would be the same. Its price or wages, therefore, though nominally greater, would really be the fame. They would be paid in a greater number of pieces of filver; but they would purchase only the same quantity of goods. The profits of flock would be the same both nominally and really. The wages of labour are commonly computed by the quantity of filver which is paid to the labourer. When that is increased, therefore, his wages appear to be increafed, though they may fometimes be no greater than before. But the profits of stock are not computed by the number of pieces of filver with which they are paid, but by the proportion which those pieces bear to the whole capital employed. Thus in a particular country five shillings a week are faid to be the common wages of labour, and ten per cent. the common profits of stock. But the whole capital of the country being the same

BOOK as before, the competition between the different capitals of individuals into which it was divided would likewife be the fame. They would all trade with the fame advantages and difadvantages. The common proportion between capital and profit, therefore, would be the fame, and confequently the common interest of money; what can commonly be given for the use of money being necessarily regulated by what can commonly be made by the use of it.

Any increase in the quantity of commodities annually circulated within the country, while that of the money which circulated them remained the fame, would, on the contrary, produce many other important effects, besides that of raising the value of the money. The capital of the country, though it might nominally be the fame, would really be augmented. It might continue to be expressed by the same quantity of money, but it would command a greater quantity of labour-The quantity of productive labour which it could maintain and employ would be increased, and consequently the demand for that labour. Its wages would naturally rife with the demand, and yet might appear to fink. They might be paid with a fmaller quantity of money, but that fmaller quantity might purchase a greater quantity of goods than a greater had done before. The profits of stock would be diminished both really and in appearance. The whole capital of the country being augmented, the competition between the different capitals of which it was composed, would naturally be augmented along with

it. The owners of those particular capitals C HAP. would be obliged to content themselves with a smaller proportion of the produce of that labour which their respective capitals employed. The interest of money, keeping pace always with the profits of stock, might, in this manner, be greatly diminished, though the value of money, or the quantity of goods which any particular sum could purchase, was greatly augmented.

In some countries the interest of money has been prohibited by law. But as something can every-where be made by the use of money, something ought every-where to be paid for the use of it. This regulation, instead of preventing, has been found from experience to increase the evil of usury; the debtor being obliged to pay, not only for the use of the money, but for the risk which his creditor runs by accepting a compensation for that use. He is obliged, if one may fay so, to insure his creditor from the penalties of usury.

In countries where interest is permitted, the law, in order to prevent the extortion of usury, generally fixes the highest rate which can be taken without incurring a penalty. This rate ought always to be somewhat above the lowest market price, or the price which is commonly paid for the use of money by those who can give the most undoubted security. If this legal rate should be fixed below the lowest market rate, the effects of this fixation must be nearly the same as those of a total prohibition of interest. The creditor will not lend his money for less than the use

BOOK of it is worth, and the debtor must pay him for the risk which he runs by accepting the full value of that use. If it is fixed precisely at the lowest market price, it ruins with honest people, who respect the laws of their country, the credit of all those who cannot give the very best security, and obliges them to have recourse to exorbitant usurers. In a country, such as Great Britain, where money is lent to government at three per cent. and to private people upon good security at four, and sour and a half, the present legal rate, sive per cent., is perhaps, as proper as any.

The legal rate, it is to be observed, though it ought to be fomewhat above, ought not to be much above the lowest market rate. If the legal rate of interest in Great Britain, for example, was fixed fo high as eight or ten per cent., the greater part of the money which was to be lent, would be lent to prodigals and projectors, who alone would be willing to give this high interest. Sober people, who will give for the use of money no more than a part of what they are likely to make by the use of it, would not venture into the competition. A great part of the capital of the country would thus be kept out of the hands which were most likely to make a profitable and advantageous use of it, and thrown into those which were most likely to waste and destroy it. Where the legal rate of interest, on the contrary, is fixed but a very little above the lowest market rate, fober people are univerfally preferred, as borrowers, to prodigals and projectors. perfon who lends money gets nearly as much intereft

the latter, and his money is much fafer in the hands of the one set of people, than in those of the other. A great part of the capital of the country is thus thrown into the hands in which it is most likely to be employed with advantage.

No law can reduce the common rate of interest below the lowest ordinary market rate at the time when that law is made. Notwithstanding the edict of 1766, by which the French king attempted to reduce the rate of interest from five to four per cent., money continued to be lent in France at five per cent., the law being evaded in several different ways.

The ordinary market price of land, it is to be observed, depends every-where upon the ordinary market rate of interest. The person who has a capital from which he wishes to derive a revenue, without taking the trouble to employ it himfelf, deliberates whether he should buy land with it, or lend it out at interest. The superior fecurity of land, together with fome other advantages which almost every-where attend, upon this species of property, will generally dispose him to content himself with a smaller revenue from land, than what he might have by lending out his money at interest. These advantages are sufficient to compensate a certain difference of revenue; but they will compensate a certain difference only; and if the rent of land should fall fhort of the interest of money by a greater difference, nobody would buy land, which would foon reduce its ordinary price. On the contrary, BOOK if the advantages should much more than compensate the difference, every body would buy land, which again would soon raise its ordinary price. When interest was at ten per cent., land was commonly sold for ten and twelve years purchase. As interest sunk to six, sive, and sour per cent., the price of land rose to twenty, sive and twenty, and thirty years purchase. The market rate of interest is higher in France than in England; and the common price of land is lower. In England it commonly sells at thirty; in France at twenty years purchase.

CHAP. V.

Of the different Employment of Capitals.

THOUGH all capitals are deftined for the maintenance of productive labour only, yet the quantity of that labour, which equal capitals are capable of putting into motion, varies extremely according to the diversity of their employment; as does likewise the value which that employment adds to the annual produce of the land and labour of the country.

A capital may be employed in four different ways: either, first, in procuring the rude produce annually required for the use and consumption of the society; or, secondly, in manusacturing and preparing that rude produce for immediate

use and consumption; or, thirdly, in transporting C HAP either the rude or manufactured produce from the places where they abound to those where they are wanted; or, lastly, in dividing particular portions of either into such small parcels as suit the occasional demands of those who want them. In the first way are employed the capitals of all those who undertake the improvement or cultivation of lands, mines, or fisheries; in the second, those of all master manufactures; in the third, those of all wholesale merchants; and in the fourth, those of all retailers. It is difficult to conceive that a capital should be employed in any way which may not be classed under some one or other of those four.

Each of those four methods of employing a capital is essentially necessary either to the existence or extension of the other three, or to the general conveniency of the society.

Unless a capital was employed in furnishing rude produce to a certain degree of abundance, neither manufactures nor trade of any kind could exist.

Unless a capital was employed in manufacturing that part of the rude produce which requires a good deal of preparation before it can be fit for use and consumption, it either would never be produced, because there could be no demand for it; or if it was produced spontaneously, it would be of no value in exchange, and could add nothing to the wealth of the society.

BOOK Unless a capital was employed in transporting, either the rude or manufactured produce, from the places where it abounds to those where it is wanted, no more of either could be produced than was necessary for the consumption of the neighbourhood. The capital of the merchant exchanges the furplus produce of one place for that of another, and thus encourages the induftry and increases the enjoyments of both.

Unless a capital was employed in breaking and dividing certain portions either of the rude or manufactured produce, into fuch fmall parcels as fuit the occasional demands of those who want them, every man would be obliged to purchase a greater quantity of the goods he wanted, than his immediate occasions required. If there was no fuch trade as a butcher, for example, every man would be obliged to purchase a whole ox or a whole sheep at a time. This would generally be inconvenient to the rich, and much more fo to the poor. If a poor workman was obliged to purchase a month's or fix months provisions at a time, a great part of the flock which he employs as a capital in the instruments of his trade, or in the furniture of his shop, and which yields him a revenue, he would be forced to place in that part of his flock which is referved for immediate confumption, and which yields him no revenue. Nothing can be more convenient for fuch a perfon than to be able to purchase his subsistence from day to day, or even from hour to hour, as he wants it. He is thereby enabled to employalmost his whole flock as a capital. He is thus enabled

to furnish work to a greater value, and the profit C-HAP. which he makes by it in this way, much more than compensates the additional price which the profit of the retailer imposes upon the goods.

The prejudices of some political writers against shopkeepers and tradesmen, are altogether without foundation. So far is it from being necesfary, either to tax them, or to restrict their numbers, that they can never be multiplied fo as to hurt the public, though they may fo as to hurt one another. The quantity of grocery goods, for example, which can be fold in a particular town, is limited by the demand of that town and its neighbourhood. The capital, therefore, which can be employed in the grocery trade, can-not exceed what is sufficient to purchase that quantity. If this capital is divided between two different grocers, their competition will tend to make both of them fell cheaper, than if it were in the hands of one only; and if it were divided among twenty, their competition would be just fo much the greater, and the chance of their combining together, in order to raife the price, just so much the less. Their competition might perhaps ruin some of themselves; but to take care of this is the business of the parties concerned, and it may fafely be trufted to their difcretion. It can never hurt either the confumer, or the producer; on the contrary, it must tend to make the retailers both fell cheaper and buy dearer, than if the whole trade was monopolized by one or two persons. Some of them, perhaps, may sometimes decoy a weak customer to buy what VOL. II. he

BOOK he has no occasion for. This evil, however, is of too little importance to deserve the public attention, nor would it necessarily be prevented by restricting their numbers. It is not the multitude of ale-houses, to give the most suspicious example, that occasions a general disposition to drunkenness among the common people; but that disposition arising from other causes necesfarily gives employment to a multitude of alehouses.

> The perfons whose capitals are employed in any of those four ways are themselves productive labourers. Their labour, when properly directed, fixes and realizes itself in the subject or vendible commodity upon which it is bestowed, and generally adds to its price the value at leaft of their own maintenance and confumption. The profits of the farmer, of the manufacturer, of the merchant, and retailer, are all drawn from the price of the goods which the two first produce, and the two last buy and fell. Equal capitals, however, employed in each of those four different ways, will immediately put into motion very different quantities of productive labour, and augment too in very different proportions the value of the annual produce of the land and labour of the fociety to which they belong.

> The capital of the retailer replaces, together with its profits, that of the merchant of whom he purchases goods, and thereby enables him to continue his business. The retailer himself is the only productive labourer whom it immediately employs. In his profits, confifts the

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whole value which its employment adds to the C HAP. annual produce of the land and labour of the V. fociety.

The capital of the wholefale merchant replaces, together with their profits, the capitals of the farmers and manufacturers of whom he purchases the rude and manufactured produce which he deals in, and thereby enables them to continue their respective trades. It is by this service chiefly that he contributes indirectly to fupport the productive labour of the fociety, and to increase the value of its annual produce. His capital employs too the failors and carriers who transport his goods from one place to another, and it augments the price of those goods by the value, not only of his profits, but of their wages. This is all the productive labour which it immediately puts into motion, and all the value which it immediately adds to the annual produce. Its operation in both these respects is a good deal fuperior to that of the capital of the retailer.

Part of the capital of the mafter manufacturer is employed as a fixed capital in the inftruments of his trade, and replaces, together with its profits, that of fome other artificer of whom he purchases them. Part of his circulating capital is employed in purchasing materials, and replaces, with their profits, the capitals of the farmers and miners of whom he purchases them. But a great part of it is always, either annually, or in a much shorter period, distributed among the different workmen whom he employs. It augments the value of those materials by their wages, and by

BOOK their masters profits upon the whole stock of wages, materials, and instruments of trade employed in the business. It puts immediately into motion, therefore, a much greater quantity of productive labour, and adds a much greater value to the annual produce of the land and labour of the society, than an equal capital in the hands of any wholesale merchant.

No equal capital puts into motion a greater quantity of productive labour than that of the farmer. Not only his labouring fervants, but his labouring cattle, are productive labourers. In agriculture too, nature labours along with man; and though her labour cofts no expence, its produce has its value, as well as that of the most expensive workmen. The most important operations of agriculture feem intended, not fo much to increase, though they do that too, as to direct the fertility of nature towards the production of the plants most profitable to man. A field overgrown with briars and brambles may frequently produce as great a quantity of vegetables as the best cultivated vineyard or corn field. Planting and tillage frequently regulate more than they animate the active fertility of nature; and after all their labour, a great part of the work always remains to be done by her. The labourers and labouring cattle, therefore, employed in agriculture, not only occasion, like the workmen in manufactures, the reproduction of a value equal to their own confumption, or to the capital which employs them, together with its owners profits; but of a much greater value. Over and above

the capital of the farmer and all its profits, they C HAP. regularly occasion the reproduction of the rent of the landlord. This rent may be considered as the produce of those powers of nature, the use of which the landlord lends to the farmer. It is greater or fmaller according to the supposed extent of those powers, or in other words, according to the supposed natural or improved fertility of the land. It is the work of nature which remains after deducting or compensating every thing which can be regarded as the work of man. It is feldom lefs than a fourth, and frequently more than a third of the whole produce. No equal quantity of productive labour employed in manufactures can ever occasion so great a reproduction. In them nature does nothing; man does all; and the reproduction must always be in proportion to the strength of the agents that occasion it. The capital employed in agriculture, therefore, not only puts into motion a greater quantity of productive labour than any equal capital employed in manufactures, but in proportion too to the quantity of productive labour which it employs, it adds a much greater value to the annual produce of the land and labour of the country, to the real wealth and revenue of its inhabitants. Of all the ways in which a capital can be employed, it is by far the most advantageous to the fociety.

The capitals employed in the agriculture and in the retail trade of any fociety, must always reside within that society. Their employment is confined almost to a precise spot, to the farm,

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BOOK and to the shop of the retailer. They must generally too, though there are some exceptions to this, belong to resident members of the society.

The capital of a wholefale merchant, on the contrary, feems to have no fixed or necessary refidence any-where, but may wander about from place to place, according as it can either buy cheap or fell dear.

The capital of the manufacturer must no doubt reside where the manufacture is carried on; but where this shall be is not always necessarily determined. It may frequently be at a great distance both from the place where the materials grow, and from that where the complete manufacture is consumed. Lyons is very distant both from the places which afford the materials of its manufactures, and from those which consume them. The people of fashion in Sicily are clothed in silks made in other countries, from the materials which their own produces. Part of the wool of Spain is manufactured in Great Britain, and some part of that cloth is afterwards sent back to Spain.

Whether the merchant whose capital exports the surplus produce of any society be a native or a foreigner, is of very little importance. If he is a foreigner, the number of their productive labourers is necessarily less than if he had been a native by one man only; and the value of their annual produce, by the profits of that one man. The sailors or carriers whom he employs may still belong indifferently either to his country, or to their country, or to some third country, in the

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fame manner as if he had been a native. The C HAP. capital of a foreigner gives a value to their furplus produce equally with that of a native, by exchanging it for fomething for which there is a demand at home. It as effectually replaces the capital of the person who produces that surplus, and as effectually enables him to continue his business; the service by which the capital of a wholesale merchant chiefly contributes to support the productive labour, and to augment the value of the annual produce of the society to which he belongs.

It is of more confequence that the capital of the manufacturer should reside within the country. It necessarily puts into motion a greater quantity of productive labour, and adds a greater value to the annual produce of the land and labour of the fociety. It may, however, be very ufeful to the country, though it should not reside within it. The capitals of the British manufacturers who work up the flax and hemp annually imported from the coasts of the Baltic, are furely very ufeful to the countries which produce them. Those materials are a part of the furplus produce of those countries which, unless it was annually exchanged for fomething which is in demand there, would be of no value, and would foon ceafe to be produced. The merchants who export it replace the capitals of the people who produce it, and thereby encourage them to continue the production; and the British manufacturers replace the capitals of those merchants.

BOOK A particular country, in the same manner as a particular person, may frequently not have capital fufficient both to improve and cultivate all its lands, to manufacture and prepare their whole rude produce for immediate use and confumption, and to transport the furplus part either of the rude or manufactured produce to those distant markets where it can be exchanged for fomething for which there is a demand at home. The inhabitants of many different parts of Great Britain have not capital fufficient to improve and cultivate all their lands. The wool of the fouthern counties of Scotland is, a great part of it, after a long land carriage through very bad roads, manufactured in Yorkshire, for want of a capital to manufacture it at home. There are many little manufacturing towns in Great Britain, of which the inhabitants have not capital fufficient to transport the produce of their own industry to those distant markets where there is demand and confumption for it. If there are any merchants among them, they are properly only the agents of wealthier merchants who refide in some of the greater commercial cities.

When the capital of any country is not fufficient for all those three purposes, in proportion as a greater share of it is employed in agriculture, the greater will be the quantity of productive labour which it puts into motion within the country; as will likewife be the value which its employment adds to the annual produce of the land and labour of the fociety. After agriculture, the capital employed in manufactures puts into motion the greatest quantity of pro- C H A P. ductive labour, and adds the greatest value to the annual produce. That which is employed in the trade of exportation, has the least effect of any of the three.

The country, indeed, which has not capital fufficient for all those three purposes, has not arrived at that degree of opulence for which it feems naturally deftined. To attempt, however, prematurely and with an infufficient capital, to do all the three, is certainly not the shortest way for a fociety, no more than it would be for an individual, to acquire a fufficient one. The capital of all the individuals of a nation, has its limits in the same manner as that of a fingle individual, and is capable of executing only certain purpofes. The capital of all the individuals of a nation is increased in the same manner as that of a fingle individual, by their continually accumulating and adding to it whatever they fave out of their revenue. It is likely to increase the fastest, therefore, when it is employed in the way that affords the greatest revenue to all the inhabitants of the country, as they will thus be enabled to make the greatest favings. But the revenue of all the inhabitants of the country is necessarily in proportion to the value of the annual produce of their land and labour.

It has been the principal cause of the rapid progress of our American colonies towards wealth and greatness, that almost their whole capitals have hitherto been employed in agriculture. They have no manusactures, those houshold and

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BOOK coarfer manufactures excepted which necessarily accompany the progress of agriculture, and which are the work of the women and children in every private family. The greater part both of the exportation and coasting trade of America, is carried on by the capitals of merchants who refide in Great Britain. Even the flores and warehouses from which goods are retailed in fome provinces, particularly in Virginia and Maryland, belong many of them to merchants who refide in the mother country, and afford one of the few inflances of the retail trade of a fociety being carried on by the capitals of those who are not refident members of it. Were the Americans, either by combination or by any other fort of violence, to stop the importation of European manufactures, and, by thus giving a monopoly to fuch of their own countrymen as could manufacture the like goods, divert any confiderable part of their capital into this employment, they would retard inftead of accelerating the further increase in the value of their annual produce, and would obstruct instead of promoting the progrefs of their country towards real wealth and greatness. This would be still more the case, were they to attempt, in the same manner, to monopolize to themselves their whole exportation trade.

The course of human prosperity, indeed, seems fcarce ever to have been of fo long continuance as to enable any great country to acquire capital fufficient for all those three purposes; unless, perhaps, we give credit to the wonderful ac-

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counts of the wealth and cultivation of China, CHAP. of those of ancient Egypt, and of the ancient flate of Indostan. Even those three countries, the wealthieft, according to all accounts, that ever were in the world, are chiefly renowned for their superiority in agriculture and manufactures. They do not appear to have been eminent for foreign trade. The ancient Egyptians had a superstitious antipathy to the sea; a superstition nearly of the same kind prevails among the Indians; and the Chinese have never excelled in foreign commerce. The greater part of the furplus produce of all those three countries feems to have been always exported by foreigners, who gave in exchange for it fomething elfe for which they found a demand there, frequently gold and filver.

It is thus that the fame capital will in any country put into motion a greater or fmaller quantity of productive labour, and add a greater or fmaller value to the annual produce of its land and labour, according to the different proportions in which it is employed in agriculture, manufactures, and wholefale trade. The difference too is very great, according to the different forts of wholefale trade in which any part of it is employed.

All wholefale trade, all buying in order to fell again by wholefale, may be reduced to three different forts. The home trade, the foreign trade of confumption, and the carrying trade. The home trade is employed in purchasing in one part of the same country, and selling in another,

BOOK the produce of the industry of that country. It comprehends both the inland and the coasting trade. The foreign trade of confumption is employed in purchasing foreign goods for home consumption. The carrying trade is employed in transacting the commerce of foreign countries, or in carrying the surplus produce of one to another.

The capital which is employed in purchasing in one part of the country in order to fell in another the produce of the industry of that country, generally replaces by every fuch operation two distinct capitals that had both been employed in the agriculture or manufactures of that country, and thereby enables them to continue that employment. When it fends out from the refidence of the merchant a certain value of commodities, it generally brings back in return at least an equal value of other commodities. When both are the produce of domestic industry, it necessarily replaces by every fuch operation two diftinet capitals, which had both been employed in supporting productive labour, and thereby enables them to continue that support. The capital which fends Scotch manufactures to London, and brings back English corn and manufactures to Edinburgh, necessarily replaces, by every fuch operation, two British capitals which had both been employed in the agriculture or manufactures of Great Britain.

The capital employed in purchasing foreign goods for home-consumption, when this purchase is made with the produce of domestic industry, replaces

replaces too, by every fuch operation, two dif- c hap. tinet capitals: but one of them only is employed in fupporting domestic industry. The capital which sends British goods to Portugal, and brings back Portuguese goods to Great Britain, replaces by every such operation only one British capital. The other is a Portuguese one. Though the returns, therefore, of the foreign trade of consumption should be as quick as those of the home-trade, the capital employed in it will give but one-half the encouragement to the industry or productive labour of the country.

But the returns of the foreign trade of confumption are very feldom fo quick as those of the home-trade. The returns of the home-trade generally come in before the end of the year, and fometimes three or four times in the year. The returns of the foreign trade of confumption feldom come in before the end of the year, and fometimes not till after two or three years. A capital, therefore, employed in the home-trade will fometimes make twelve operations, or be fent out and returned twelve times, before a capital employed in the foreign trade of confumption has made one. If the capitals are equal, therefore, the one will give four and twenty times more encouragement and support to the industry of the country than the other.

The foreign goods for home-confumption may fometimes be purchased, not with the produce of domestic industry, but with some other foreign goods. These last, however, must have been purchased either immediately with the produce

BOOK of domestic industry, or with something else that had been purchased with it; for, the case of war and conquest excepted, foreign goods can never be acquired, but in exchange for fomething that had been produced at home either immediately, or after two or more different exchanges. The effects, therefore, of a capital employed in fuch a round-about foreign trade of confumption, are, in every respect, the same as those of one employed in the most direct trade of the fame kind, except that the final returns are likely to be still more distant, as they must depend upon the returns of two or three diftinct foreign trades. If the flax and hemp of Riga are purchased with the tobacco of Virginia, which had been purchased with British manufactures. the merchant must wait for the returns of two distinct foreign trades before he can employ the fame capital in repurchasing a like quantity of British manufactures. If the tobacco of Virginia had been purchased, not with British manufactures, but with the fugar and rum of Jamaica which had been purchased with those manufactures, he must wait for the returns of three. If those two or three distinct foreign trades should happen to be carried on by two or three diftinct merchants, of whom the fecond buys the goods imported by the first, and the third buys those imported by the fecond, in order to export them again, each merchant indeed will in this cafe receive the returns of his own capital more quickly; but the final returns of the whole capital employed in the trade will be just as flow as

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ever. Whether the whole capital employed in CHAP. fuch a round-about trade belong to one merchant or to three, can make no difference with regard to the country, though it may with regard to the particular merchants. Three times a greater capital must in both cases be employed, in order to exchange a certain value of British manufactures for a certain quantity of flax and hemp, than would have been necessary, had the manufactures and the flax and hemp been directly exchanged for one another. The whole capital employed, therefore, in fuch a round-about foreign trade of confumption, will generally give less encouragement and support to the productive labour of the country, than an equal capital employed in a more direct trade of the same kind.

Whatever be the foreign commodity with which the foreign goods for home-confumption are purchased, it can occasion no effential difference either in the nature of the trade, or in the encouragement and support which it can give to the productive labour of the country from which it is carried on. If they are purchased with the gold of Brazil, for example, or with the filver of Peru, this gold and filver, like the tobacco of Virginia, must have been purchased with something that either was the produce of the industry of the country, or that had been purchased with fomething elfe that was fo. So far, therefore, as the productive labour of the country is concerned, the foreign trade of confumption which is carried on by means of gold and filver, has all

BOOK the advantages and all the inconveniencies of any other equally round-about foreign trade of confumption, and will replace just as fast or just as flow the capital which is immediately employed in fupporting that productive labour. It feems even to have one advantage over any other equally round-about foreign trade. The transportation of those metals from one place to another, on account of their small bulk and great value, is less expensive than that of almost any other foreign goods of equal value. Their freight is much less, and their infurance not greater; and no goods, befides, are less liable to fuffer by the carriage. An equal quantity of foreign goods, therefore, may frequently be purchased with a smaller quantity of the produce of domestic industry, by the intervention of gold and filver, than by that of any other foreign goods. The demand of the country may frequently, in this manner, be supplied more completely and at a fmaller expence than in any other. Whether, by the continual exportation of those metals, a trade of this kind is likely to impoverish the country from which it is carried on, in any other way, I shall have occasion to examine at great length hereafter.

That part of the capital of any country which is employed in the carrying trade, is altogether withdrawn from fupporting the productive labour of that particular country, to support that of some foreign countries. Though it may replace by every operation two distinct capitals, yet neither of them belongs to that particular country. The capital of the Dutch merchant, CHAP. and brings back the fruits and wines of Portugal to Poland, replaces by every fuch operation two capitals, neither of which had been employed in supporting the productive labour of Holland; but one of them in supporting that of Poland, and the other that of Portugal. The profits only return regularly to Holland, and conflitute the whole addition which this trade necessarily makes to the annual produce of the land and labour of that country. When, indeed, the carrying trade of any particular country is carried on with the ships and failors of that country, that part of the capital employed in it which pays the freight, is distributed among, and puts into motion, a certain number of productive labourers of that country. Almost all nations that have had any confiderable share of the carrying trade have, in fact, carried it on in this manner. The trade itself has probably derived its name from it, the people of fuch countries being the carriers to other countries. It does not, however, feem effential to the nature of the trade that it should be fo. A Dutch merchant may, for example, employ his capital in transacting the commerce of Poland and Portugal, by carrying part of the furplus produce of the one to the other, not in Dutch, but in British bottoms. It may be prefumed, that he actually does fo upon some particular occasions. It is upon this account, however, that the carrying trade has been supposed peculiarly advantageous to fuch a country as Great. VOL. II. Britain.

BOOK Britain, of which the defence and fecurity depend upon the number of its failors and shipping. But the same capital may employ as many failors and shipping, either in the foreign trade of confumption, or even in the home-trade, when carried on by coasting vessels, as it could in the carrying trade. The number of failors and shipping which any particular capital can employ, does not depend upon the nature of the trade, but partly upon the bulk of the goods in proportion to their value, and partly upon thedistance of the ports between which they are to be carried; chiefly upon the former of those two circumftances. The coal-trade from Newcaftle to London, for example, employs more shipping than all the carrying trade of England, though the ports are at no great distance. To force, therefore, by extraordinary encouragements, a larger share of the capital of any country into the carrying trade, than what would naturally go to it, will not always necessarily increase the shipping of that country.

The capital, therefore, employed in the hometrade of any country will generally give encouragement and support to a greater quantity of productive labour in that country, and increase the value of its annual produce more than an equal capital employed in the foreign trade of confumption: and the capital employed in this latter trade has in both thefe respects a still greater advantage over an equal capital employed in the carrying trade. The riches, and fo far as power depends upon riches, the power of

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every country, must always be in proportion to C HAP. the value of its annual produce, the fund from which all taxes must ultimately be paid. But the great object of the political economy of every country, is to increase the riches and power of that country. It ought, therefore, to give no preference nor superior encouragement to the foreign trade of consumption above the hometrade, nor to the carrying trade above either of the other two. It ought neither to force nor to allure into either of those two channels, a greater thare of the capital of the country than what would naturally flow into them of its own accord.

Each of those different branches of trade, however, is not only advantageous, but necessary and unavoidable, when the course of things, without any constraint or violence, naturally introduces it.

When the produce of any particular branch of industry exceeds what the demand of the country requires, the surplus must be sent abroad, and exchanged for something for which there is a demand at home. Without such exportation, a part of the productive labour of the country must cease, and the value of its annual produce diminish. The land and labour of Great Britain produce generally more corn, woollens, and hard ware, than the demand of the homemarket requires. The surplus part of them, therefore, must be sent abroad, and exchanged for something for which there is a demand at home. It is only by means of such exportation, that this surplus can acquire a value sufficient to

BOOK compensate the labour and expense of producing it. The neighbourhood of the sea coast, and the banks of all navigable rivers, are advantageous situations for industry, only because they facilitate the exportation and exchange of such surplus produce for something else which is more in demand there.

When the foreign goods which are thus purchased with the surplus produce of domestic induftry exceed the demand of the home-market, the furplus part of them must be fent abroad again, and exchanged for fomething more in demand at home. About ninety-fix thousand hogsheads of tobacco are annually purchased in Virginia and Maryland, with a part of the fur-plus produce of British industry. But the demand of Great Britain does not require, perhaps, more than fourteen thousand. If the remaining eighty-two thousand, therefore, could not be fent abroad and exchanged for fomething more in demand at home, the importation of them must cease immediately, and with it the productive labour of all those inhabitants of Great Britain, who are at prefent employed in preparing the goods with which these eighty-two thousand hogsheads are annually purchased. Those goods, which are part of the produce of the land and labour of Great Britain, having no market at home, and being deprived of that which they had abroad, must cease to be produced. The most round-about foreign trade of confumption, therefore, may, upon fome occafions, be as necessary for supporting the productive

tive labour of the country, and the value of its c HAP. annual produce, as the most direct.

When the capital flock of any country is increafed to fuch a degree, that it cannot be all employed in supplying the consumption, and supporting the productive labour of that particular country, the furplus part of it naturally difgorges itself into the carrying trade, and is employed in performing the same offices to other countries. The carrying trade is the natural effect and fymptom of great national wealth; but it does not feem to be the natural cause of it. Those statesmen who have been disposed to favour it with particular eacouragements, feem to have mistaken the effect and symptom for the cause. Holland, in proportion to the extent of the land and the number of its inhabitants, by far the richest country in Europe, has, accordingly, the greatest share of the carrying trade of Europe. England, perhaps the fecond richeft country of Europe, is likewife supposed to have a confiderable share of it; though what commonly passes for the carrying trade of England, will frequently, perhaps, be found to be no more than a round-about foreign trade of confumption. Such are, in a great measure, the trades which carry the goods of the East and West Indies, and of America, to different European markets. Those goods are generally purchased either immediately with the produce of British industry, or with something else which had been purchased with that produce, and the final returns of those trades are generally used or conBOOK fumed in Great Britain. The trade which is carried on in British bottoms between the different ports of the Mediterranean, and some trade of the same kind carried on by British merchants between the different ports of India, make, perhaps, the principal branches of what is properly the carrying trade of Great Britain.

The extent of the home-trade and of the capital which can be employed in it, is necessarily limited by the value of the furplus produce of all those distant places within the country which have occasion to exchange their respective productions with one another. That of the foreign trade of consumption, by the value of the furplus produce of the whole country and of what can be purchased with it. That of the carrying trade, by the value of the surplus produce of all the different countries in the world. Its possible extent, therefore, is in a manner infinite in comparison of that of the other two, and is capable of absorbing the greatest capitals.

The confideration of his own private profit, is the fole motive which determines the owner of any capital to employ it either in agriculture, in manufactures, or in fome particular branch of the wholefale or retail trade. The different quantities of productive labour which it may put into motion, and the different values which it may add to the annual produce of the land and labour of the fociety, according as it is employed in one or other of those different ways, never enter into his thoughts. In countries, therefore, where agriculture is the most profitable of

all employments, and farming and improving the C H A P. most direct roads to a splendid fortune, the capitals of individuals will naturally be employed in the manner most advantageous to the whole fociety. The profits of agriculture, however, feem to have no superiority over those of other employments in any part of Europe. Projectors, indeed, in every corner of it, have within thefe few years amufed the public with most magnificent accounts of the profits to be made by the cultivation and improvement of land. Without entering into any particular difcussion of their calculations, a very fimple observation may fatisfy us that the refult of them must be false. We fee every day the most splendid fortunes that have been acquired in the courfe of a fingle life by trade and manufactures, frequently from a very fmall capital, fometimes from no capital. A fingle inftance of fuch a fortune acquired by agriculture in the fame time, and from fuch a capital, has not, perhaps, occurred in Europe during the course of the present century. In all the great countries of Europe, however, much good land still remains uncultivated, and the greater part of what is cultivated, is far from being improved to the degree of which it is capable. Agriculture, therefore, is almost everywhere capable of abforbing a much greater capital than has ever yet been employed in it. What circumftances in the policy of Europe have given the trades which are carried on in towns fo great an advantage over that which is carried on in the country, F 4

BOOK country, that private perfons frequently find it more for their advantage to employ their capitals in the most distant carrying trades of Asia and America, than in the improvement and cultivation of the most fertile fields in their own neighbourhood, I shall endeavour to explain at full length in the two following books.

BOOK III.

OF THE DIFFERENT PROGRESS OF OPULENCE IN DIFFERENT NATIONS.

CHAP. I.

Of the natural Progress of Opulence.

THE great commerce of every civilized fo- BOOK bitants of the town and those of the country. It c HAP. confifts in the exchange of rude for manufactured produce, either immediately, or by the intervention of money, or of some fort of paper which reprefents money. The country supplies the town with the means of subfistence, and the materials of manufacture. The town repays this fupply by fending back a part of the manufactured produce to the inhabitants of the country. The town, in which there neither is nor can be any reproduction of fubftances, may very properly be faid to gain its whole wealth and fubfiftence from the country. We must not, however, upon this account, imagine that the gain of the town is the lofs of the country. The gains of both are mutual and reciprocal, and the division of labour is in this, as in all other cases, advantageous to all the different perfons employed in the various occupations into which it is fuhdiIII.

BOOK fubdivided. The inhabitants of the country purchase of the town a greater quantity of manufactured goods, with the produce of a much fmaller quantity of their own labour, than they must have employed had they attempted to prepare them themselves. The town affords a market for the furplus produce of the country, or what is over and above the maintenance of the cultivators, and it is there that the inhabitants of the country exchange it for fomething elfe which is in demand among them. The greater the number and revenue of the inhabitants of the town, the more extensive is the market which it affords to those of the country; and the more extensive that market, it is always the more advantageous to a great number. The corn which grows within a mile of the town, fells there for the same price with that which comes from twenty miles distance. But the price of the latter must generally, not only pay the expence of raising and bringing it to market, but afford too the ordinary profits of agriculture to the farmer, The proprietors and cultivators of the country, therefore, which lies in the neighbourhood of the town, over and above the ordinary profits of agriculture, gain, in the price of what they fell, the whole value of the carriage of the like produce that is brought from more distant parts, and they fave, befides, the whole value of this carriage in the price of what they buy. Compare the cultivation of the lands in the neighbourhood of any confiderable town, with that of those which lie at some distance from

from it, and you will eafily fatisfy yourfelf how C HAP.
much the country is benefited by the commerce
of the town. Among all the abfurd speculations
that have been propagated concerning the balance of trade, it has never been pretended that
either the country loses by its commerce with
the town, or the town by that with the country
which maintains it.

As fubfiftence is, in the nature of things, prior to conveniency and luxury, fo the industry which procures the former, must necessarily be prior to that which ministers to the latter. The cultivation and improvement of the country, therefore, which affords subsistence, must, necessarily, be prior to the increase of the town, which furnishes only the means of conveniency and luxury. It is the furplus produce of the country only, or what is over and above the maintenance of the cultivators, that conflitutes the fubfiftence of the town, which can therefore increase only with the increase of this furplus produce. The town, indeed, may not always derive its whole fubfiftence from the country in its neighbourhood, or even from the territory to which it belongs, but from very distant countries; and this, though it forms no exception from the general rule, has occasioned considerable variations in the progress of opulence in different ages and nations.

That order of things which necessity imposes in general, though not in every particular country, is, in every particular country, promoted by the natural inclinations of man. If human insti-

BOOK tutions had never thwarted those natural inclina-II. , tions, the towns could no where have increased beyond what the improvement and cultivation of the territory in which they were fituated could fupport; till fuch time at least, as the whole of that territory was completely cultivated and improved. Upon equal, or nearly equal profits, most men will chuse to employ their capitals rather in the improvement and cultivation of land, than either in manufactures or in foreign trade. The man who employs his capital in land, has it more under his view and command, and his fortune is much less liable to accidents than that of the trader, who is obliged frequently to commit it, not only to the winds and the waves, but to the more uncertain elements of human folly and injuftice, by giving great credits in diffant countries to men, with whose character and fituation he can feldom be thoroughly acquainted. The capital of the landlord, on the contrary, which is fixed in the improvement of his land, feems to be as well fecured as the nature of human affairs can admit of. The beauty of the country besides, the pleasures of a country life, the tranquillity of mind which it promifes, and wherever the injuffice of human laws does not diffurb it, the independency which it really affords, have charms that more or less attract every body; and as to cultivate the ground was the original deftination of man, fo in every stage of his existence he seems to retain a predilection for this primitive employment.

Without the affiftance of fome artificers, in- C H A P. deed, the cultivation of land cannot be carried on, but with great inconveniency and continual interruption. Smiths, carpenters, wheel-wrights, and plough-wrights, masons, and bricklayers, tanners, fhoemakers, and taylors, are people whose fervice the farmer has frequent occasion for. Such artificers, too, stand occasionally in need of the affiftance of one another; and as their refidence is not, like that of the farmer, neceffarily tied down to a precife fpot, they naturally fettle in the neighbourhood of one another, and thus form a finall town or village. butcher, the brewer, and the baker, foon join them, together with many other artificers and retailers, neceffary or ufeful for fupplying their occasional wants, and who contribute still further to augment the town. The inhabitants of the town and those of the country are mutually the fervants of one another. The town is a continual fair or market, to which the inhabitants of the country refort, in order to exchange their rude for manufactured produce. It is this commerce which fupplies the inhabitants of the town both with the materials of their work, and the means of their fubfiftence. The quantity of the finished work which they sell to the inhabitants of the country, necessarily regulates the quantity of the materials and provisions which they buy. Neither their employment nor fubfiftence, therefore, can augment, but in proportion to the augmentation of the demand from the country for finished work; and this demand can augment

BOOK only in proportion to the extension of improvement and cultivation. Had human institutions, therefore, never diffurbed the natural course of things, the progressive wealth and increase of the towns would, in every political fociety, be confequential, and in proportion to the improvement and cultivation of the territory or country.

> In our North American colonies, where uncultivated land is still to be had upon eafy terms, no manufacturers for diftant fale have ever yet been established in any of their towns. When an artificer has acquired a little more flock than is necessary for carrying on his own business in fupplying the neighbouring country, he does not, in North America, attempt to establish with it a manufacture for more diftant fale, but employs it in the purchase and improvement of uncultivated land. From artificer he becomes planter, and neither the large wages nor the eafy fubfiftence which that country affords to artificers, can bribe him rather to work for other people than for himfelf. He feels that an artificer is the fervant of his customers, from whom he derives his fubfiftence; but that a planter who cultivates his own land, and derives his necessary subsistence from the labour of his own family, is really a master, and independent of all the world.

> In countries, on the contrary, where there is either no uncultivated land, or none that can be had upon eafy terms, every artificer who has acquired more stock than he can employ in the occafional jobs of the neighbourhood, endeavours to

prepare work for more diftant fale. The finith erects fome fort of iron, the weaver fome fort of linen or woollen manufactory. Those different manufactures come, in process of time, to be gradually subdivided, and thereby improved and refined in a great variety of ways, which may easily be conceived, and which it is therefore unnecessary to explain any further.

In feeking for employment to a capital, manufactures are, upon equal, or nearly equal profits, naturally preferred to foreign commerce, for the fame reason that agriculture is naturally preferred to manufactures. As the capital of the landlord or farmer is more fecure than that of the manufacturer, fo the capital of the manufacturer being at all times more within his view and command, is more fecure than that of the foreign merchant. In every period, indeed, of every fociety, the furplus part both of the rude and manufactured produce, or that for which there is no demand at home, must be fent abroad, in order to be exchanged for fomething for which there is fome demand at home. But whether the capital, which carries this furplus produce abroad, be a foreign or a domestic one, is of very little importance. If the fociety has not acquired sufficient capital both to cultivate all its lands, and to manufacture, in the completest manner, the whole of its rude produce, there is even a confiderable advantage that that rude produce should be exported by a foreign capital, in order that the whole stock of the society may be employed in more useful purposes. The wealth

belonged to themselves been employed in ex-

B O O K wealth of ancient Egypt, that of China and Indoftan, fufficiently demonstrate that a nation may attain a very high degree of opulence, though the greater part of its exportation trade be carried on by foreigners. The progress of our North American and West Indian colonies would have been much less rapid, had no capital but what

porting their furplus produce.

According to the natural course of things, therefore, the greater part of the capital of every growing society is, first, directed to agriculture, afterwards to manufactures, and last of all to foreign commerce. This order of things is so very natural, that in every society that had any territory, it has always, I believe, been in some degree, observed. Some of their lands must have been cultivated before any considerable towns could be established, and some fort of coarse industry of the manufacturing kind must have been carried on in those towns, before they could well think of employing themselves in foreign commerce.

But though this natural order of things must have taken place in some degree in every such so-ciety, it has, in all the modern states of Europe, been, in many respects, entirely inverted. The foreign commerce of some of their cities has introduced all their siner manufactures, or such as were sit for distant sale; and manufactures and foreign commerce together, have given birth to the principal improvements of agriculture. The manners and customs which the nature of

their

their original government introduced, and which C HAP. remained after that government was greatly altered, necessarily forced them into this unnatural and retrogade order.

CHAP. II.

Of the Discouragement of Agriculture in the ancient State of Europe after the Fall of the Roman Empire.

X7HEN the German and Scythian nations CHAP. over-ran the western provinces of the Roman empire, the confusions which followed for great a revolution lasted for several centuries. The rapine and violence which the barbarians exercifed against the ancient inhabitants, interrupted the commerce between the towns and the country. The towns were deferted, and the country was left uncultivated, and the western provinces of Europe, which had enjoyed a confiderable degree of opulence under the Roman empire, funk into the lowest state of poverty and barbarism. During the continuance of those confusions, the chiefs and principal leaders of those nations, acquired or usurped to themselves the greater part of the lands of those countries. A great part of them was uncultivated; but no part of them, whether cultivated or uncultivated, was left without a proprietor. All of them were engroffed POL. II. G

BOOK groffed, and the greater part by a few great proprietors.

This original engroffing of uncultivated lands, though a great, might have been but a transitory evil. They might foon have been divided again, and broke into small parcels either by succession or by alienation. The law of primogeniture hindered them from being divided by succession: the introduction of entails prevented their being broke into small parcels by alienation.

When land, like moveables, is confidered as the means only of fubfiftence and enjoyment, the natural law of fuccession divides it, like them, among all the children of the family; of all of whom the fubfiftence and enjoyment may be fupposed equally dear to the father. This natural law of fuccession accordingly took place among the Romans, who made no more distinction between elder and younger, between male and female, in the inheritance of lands, than we do in the distribution of moveables. But when land was confidered as the means, not of fublishence merely, but of power and protection, it was thought better that it should descend undivided to one. In those disorderly times, every great landlord was a fort of petty prince. His tenants were his fubjects. He was their judge, and in fome respects their legislator in peace, and their leader in war. He made war according to his own difcretion, frequently against his neighbours, and fometimes against his fovereign. The fecurity of a landed estate, therefore, the protection Lather which

which its owner could afford to those who dwelt CHAP. on it, depended upon its greatness. To divide it was to ruin it, and to expose every part of it to be oppressed and swallowed up by the incursions of its neighbours. The law of primogeniture, therefore, came to take place, not immediately, indeed, but in process of time, in the succession of landed estates, for the same reason that it has generally taken place in that of monarchies, though not always at their first institution. That the power, and confequently the fecurity of the monarchy, may not be weakened by division, it must descend entire to one of the children. To which of them fo important a preference shall be given, must be determined by some general rule, founded not upon the doubtful diffinctions of perfonal merit, but upon fome plain and evident difference which can admit of no dispute. Among the children of the fame family, there can be no indifputable difference but that of fex, and that of age. The male fex is univerfally preferred to the female; and when all other things are equal, the elder every-where takes place of the younger. Hence the origin of the right of primogeniture, and of what is called lineal fucceffion.

Laws frequently continue in force long after the circumstances, which first gave occasion to them, and which could alone render them reasonable, are no more. In the present state of Europe, the proprietor of a single acre of land is as perfectly secure of his possession as the proprietor of a hundred thousand. The right of primogeBOOK niture, however, still continues to be respected, and as of all institutions it is the fittest to support the pride of family distinctions, it is still likely to endure for many centuries. In every other respect, nothing can be more contrary to the real interest of a numerous family, than a right which, in order to enrich one, beggars all the rest of the children.

Entails are the natural consequences of the law of primogeniture. They were introduced to preserve a certain lineal succession, of which the law of primogeniture first gave the idea, and to hinder any part of the original estate from being carried out of the proposed line either by gift, or devise, or alienation; either by the folly, or by the missortune of any of its successive owners. They were altogether unknown to the Romans. Neither their substitutions nor sideicommisses bear any resemblance to entails, though some French lawyers have thought proper to dress the modern institution in the language and garb of those antient ones.

When great landed effates were a fort of principalities, entails might not be unreasonable. Like what are called the fundamental laws of some monarchies, they might frequently hinder the fecurity of thousands from being endangered by the caprice or extravagance of one man. But in the present state of Europe, when small as well as great estates derive their security from the laws of their country, nothing can be more completely absurd. They are sounded upon the most absurd of all suppositions, the supposition that

that every fucceffive generation of men have not C HAP. an equal right to the earth, and to all that it possessible possessible property of the present generation should be restrained and regulated according to the fancy of those who died perhaps five hundred years ago. Entails, however, are still respected through the greater part of Europe, in those countries particularly in which noble birth is a necessary qualification for the enjoyment either of civil or military honours. Entails are thought necessary for maintaining this exclusive privilege of the nobility to the great offices and honours of their country; and that order having usurped one unjust advantage over the rest of their fellow-citizens, lest their poverty should render it ridiculous, it is thought reasonable that they should have another. The common law of England, indeed, is said to abhor perpetuities, and they are accordingly more reftricted there than in any other European monarchy; though even England is not altogether without them. In Scotland more than one-fifth, perhaps more than one-third part of the whole lands of the country, are at present supposed to be under ftrict entail.

Great tracts of uncultivated land were, in this manner, not only engroffed by particular families, but the poffibility of their being divided again was as much as poffible precluded for ever. It feldom happens, however, that a great proprietor is a great improver. In the diforderly times which gave birth to those barbarous institutions, the great proprietor was sufficiently em-

ployed

BOOK ployed in defending his own territories, or in extending his jurisdiction and authority over those of his neighbours. He had no leisure to attend to the cultivation and improvement of land. When the establishment of law and order afforded him this leifure, he often wanted the inclination, and almost always the requisite abilities. If the expence of his house and person either equalled or exceeded his revenue, as it did very frequently, he had no ftock to employ in this manner. If he was an œconomist, he generally found it more profitable to employ his annual favings in new purchases, than in the improvement of his old estate. To improve land with profit, like all other commercial projects, requires an exact attention to fmall favings and fmall gains, of which a man born to a great fortune, even though naturally frugal, is very feldom capable. The fituation of fuch a person naturally disposes him to attend rather to ornament which pleases his fancy, than to profit for which he has fo little occasion. The elegance of his dress, of his equipage, of his house, and household furniture, are objects which from his infancy he has been accustomed to have some anxiety about. The turn of mind which this habit naturally forms, follows him when he comes to think of the improvement of land. He embellishes perhaps four or five hundred acres in the neighbourhood of his house, at ten times the expence which the land is worth after all his improvements; and finds that if he was to improve his whole estate in the same manner,

and he has little tafte for any other, he would be C HAP. a bankrupt before he had finished the tenth part of it. There still remain in both parts of the United Kingdom fome great eftates which have continued without interruption in the hands of the fame family fince the times of feudal anarchy. Compare the present condition of those estates with the poffessions of the small proprietors in their neighbourhood, and you will require no other argument to convince you how unfavourable fuch extensive property is to improvement. If little improvement was to be expected from fuch great proprietors, still lefs was to be hoped for from those who occupied the land under them. In the ancient state of Europe, the occupiers of land were all tenants at will. They were all or almost all flaves; but their flavery was of a milder kind than that known among the ancient Greeks and Romans, or even in our West Indian colonies. They were supposed to belong more directly to the land than to their mafter. They could, therefore, be fold with it, but not feparately. They could marry, provided it was with the confent of their master: and he could not afterwards diffolye the marriage by felling the man and wife to different persons. If he maimed or murdered any of them, he was liable to fome penalty, though generally but to a finall one. They were not, however, capable of acquiring property. Whatever they acquired was acquired to their mafter, and he could take it from them at pleasure. Whatever cultivation and improvement could be

carried

BOOK carried on by means of fuch flaves, was properly carried on by their master. It was at his expence. The feed, the cattle, and the inftruments of husbandry were all his. It was for his benefit. Such flaves could acquire nothing but their daily maintenance. It was properly the proprietor himself, therefore, that, in this case, occupied his own lands, and cultivated them by his own bondmen. This species of flavery still fubfifts in Ruffia, Poland, Hungary, Bohemia, Moravia, and other parts of Germany. It is only in the western and south-western provinces of Europe, that it has gradually been abolished altogether.

> But if great improvements are feldom to be expected from great proprietors, they are leaft of all to be expected when they employ flaves for their workmen. The experience of all ages and nations, I believe, demonstrates that the work done by flaves, though it appears to cost only their maintenance, is in the end the dearest of any. A perfon who can acquire no property, can have no other interest but to eat as much, and to labour as little as possible. Whatever work he does beyond what is fufficient to purchase his own maintenance, can be fqueezed out of him by violence only, and not by any interest of his own. In ancient Italy, how much the cultivation of corn degenerated, how unprofitable it became to the mafter when it fell under the management of flaves, is remarked by both Pliny and Columella. In the time of Aristotle it had not been much better in ancient Greece. Speaking of the ideal

ideal republic described in the laws of Plato, to C HAP. maintain five thousand idle men (the number of warriors supposed necessary for its desence), together with their women and servants, would require, he says, a territory of boundless extent and fertility, like the plains of Babylon.

The pride of man makes him love to domineer, and nothing mortifies him fo much as to be obliged to condescend to perfuade his inferiors. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the fervice of flaves to that of freemen. The planting of fugar and tobacco can afford the expence of flave cultivation. The raifing of corn, it feems, in the present times, cannot. In the English colonies, of which the principal produce is corn, the far greater part of the work is done by freemen. The late refolution of the Quakers in Pennfylvania to fet at liberty all their negro flaves, may fatisfy us that their number cannot be very great. Had they made any confiderable part of their property, fuch a refolution could never have been agreed to. In our fugar colonies, on the contrary, the whole work is done by flaves, and in our tobacco colonies a very great part of it. The profits of a fugar-plantation in any of our West Indian colonies are generally much greater than those of any other cultivation that is known either in Europe or America: And the profits of a tobacco plantation, though inferior to those of fugar, are fuperior to those of corn, as has already been observed. Both can afford the exB O O K pence of flave cultivation, but fugar can afford it flill better than tobacco. The number of negroes accordingly is much greater, in proportion to that of whites, in our fugar than in our tobacco colonies.

To the flave cultivators of ancient times, gradually fucceeded a fpecies of farmers known at prefent in France by the name of Metayers. They are called in Latin, Coloni Partiarii. They have been fo long in difuse in England that at present I know no English name for them. The proprietor furnished them with the seed, cattle, and instruments of husbandry, the whole stock, in short, necessary for cultivating the farm. The produce was divided equally between the proprietor and the farmer, after setting aside what was judged necessary for keeping up the stock, which was restored to the proprietor when the farmer either quitted, or was turned out of the farm.

Land occupied by fuch tenants is properly cultivated at the expence of the proprietor, as much as that occupied by flaves. There is, however, one very effential difference between them. Such tenants, being freemen, are capable of acquiring property, and having a certain proportion of the produce of the land, they have a plain interest that the whole produce should be as great as possible, in order that their own proportion may be so. A slave, on the contrary, who can acquire nothing but his maintenance, consults his own ease by making the land produce as little as possible over and above that

main-

maintenance. It is probable that it was partly C HAP. upon account of this advantage, and partly upon account of the encroachments which the fovereign, always jealous of the great lords, gradually encouraged their villains to make upon their authority, and which feem at last to have been fuch as rendered this species of servitude altogether inconvenient, that tenure in villanage gradually wore out through the greater part of Europe. The time and manner, however, in which fo important a revolution was brought about, is one of the most obscure points in modern hiftory. The church of Rome claims great merit in it; and it is certain that fo early as the twelfth century, Alexander III. published a bull for the general emancipation of flaves. It feems, however, to have been rather a pious exhortation, than a law to which exact obedience was required from the faithful. Slavery continued to take place almost universally for several centuries afterwards, till it was gradually abolished by the joint operation of the two interests above mentioned, that of the proprietor on the one hand, and that of the fovereign on the other. A villain enfranchifed, and at the same time allowed to continue in poffession of the land, having no flock of his own, could cultivate it only by means of what the landlord advanced to him, and must, therefore, have been what the French call a Metayer.

It could never, however, be the interest even of this last species of cultivators to lay out, in the further improvement of the land, any part of the

little

BOOK little stock which they might fave from their own fhare of the produce, because the lord, who laid out nothing, was to get one-half of whatever it produced. The tithe, which is but a tenth of the produce, is found to be a very great hindrance to improvement. A tax, therefore, which amounted to one-half, must have been an effectual bar to it. It might be the interest of a metayer to make the land produce as much as could be brought out of it by means of the flock furnished by the proprietor; but it could never be his interest to mix any part of his own with it. In France, where five parts out of fix of the whole kingdom are faid to be still occupied by this species of cultivators, the proprietors complain that their metayers take every opportunity of employing the mafters cattle rather in carriage than in cultivation; because in the one case they get the whole profits to themselves, in the other they share them with their landlord. This species of tenants still subfists in some parts of Scotland. They are called fteel-bow tenants. Those ancient English tenants, who are faid by Chief Baron Gilbert and Doctor Blackstone to have been rather bailiffs of the landlord than farmers properly fo called, were probably of the fame kind.

To this species of tenancy succeeded, though by very flow degrees, farmers properly fo called, who cultivated the land with their own flock, paying a rent certain to the landlord. When fuch farmers have a leafe for a term of years, they may fometimes find it for their interest to

lay out part of their capital in the further im- C HAP. provement of the farm; because they may sometimes expect to recover it, with a large profit, before the expiration of the lease. The possesfion even of fuch farmers, however, was long extremely precarious, and still is so in many parts of Europe. They could before the expiration of their term be legally outed of their leafe, by a new purchaser; in England, even by the sictitious action of a common recovery. If they were turned out illegally by the violence of their mafter, the action by which they obtained redress was extremely imperfect. It did not always re-instate them in the possession of the land, but gave them damages which never amounted to the real loss. Even in England, the country perhaps of Europe where the yeomanry has always been most respected, it was not till about the 14th of Henry the VIIth that the action of ejectment was invented, by which the tenant recovers, not damages only but possession, and in which his claim is not necessarily concluded by the uncertain decision of a single assize. This action has been found fo effectual a remedy that, in the modern practice, when the landlord has occasion to sue for the possession of the land, he feldom makes use of the actions which properly. belong to him as landlord, the writ of right or the writ of entry, but fues in the name of his tenant, by the writ of ejectment. In England, therefore, the fecurity of the tenant is equal to that of the proprietor. In England besides a leafe for life of forty shillings a year value is a freehold.

BOOK freehold, and entitles the lessee to vote for a member of parliament; and as a great part of the yeomanry have freeholds of this kind, the whole order becomes respectable to their landlords on account of the political confideration which this gives them. There is, I believe, no-where in Europe, except in England, any inftance of the tenant building upon the land of which he had no leafe, and trufting that the honour of his landlord would take no advantage of fo important an improvement. Those laws and customs fo favourable to the yeomanry, have perhaps contributed more to the prefent grandeur of England, than all their boafted regulations of commerce taken together.

> The law which fecures the longest leases against fucceffors of every kind is, fo far as I know, peculiar to Great Britain. It was introduced into Scotland fo early as 1449, by a law of James the IId. Its beneficial influence, however, has been much obstructed by entails; the heirs of entail being generally reftrained from letting leafes for any long term of years, frequently for more than one year. A late act of parliament has, in this respect, somewhat slackened their fetters, though they are still by much too strait. In Scotland, befides, as no leafehold gives a vote for a member of parliament, the yeomanry are upon this account less respectable to their landlords than in England.

> In other parts of Europe, after it was found convenient to fecure tenants both against heirs and purchasers, the term of their security was

ftill

fill limited to a very fhort period; in France, C HAP for example, to nine years from the commencement of the leafe. It has in that country, indeed, been lately extended to twenty feven, a period fill too fhort to encourage the tenant to make the most important improvements. The proprietors of land were anciently the legislators of every part of Europe. The laws relating to land, therefore, were all calculated for what they supposed the interest of the proprietor. It was for his interest, they had imagined, that no lease granted by any of his predecessors should hinder him from enjoying, during a long term of years, the full value of his land. Avarice and injustice are always short-sighted, and they did not foresee how much this regulation must obstruct improvement, and thereby hurt in the long-run the real interest of the landlord.

The farmers too, befides paying the rent, were anciently, it was supposed, bound to perform a great number of services to the landlord, which were seldom either specified in the lease, or regulated by any precise rule, but by the use and wont of the manor or barony. These services, therefore, being almost entirely arbitrary, subjected the tenant to many vexations. In Scotland the abolition of all services, not precisely stipulated in the lease, has in the course of a few years very much altered for the better the condition of the yeomanry of that country.

The public fervices to which the yeomanry were bound, were not less arbitrary than the private ones. To make and maintain the high

roads,

BOOK roads, a fervitude which still subsists, I believe, every-where, though with different degrees of oppression in different countries, was not the only one. When the king's troops, when his household or his officers of any kind paffed through any part of the country, the yeomanry were bound to provide them with horses, carriages, and provisions, at a price regulated by the purveyor. Great Britain is, I believe, the only monarchy in Europe where the oppression of purveyance has been entirely abolished. still subsists in France and Germany.

The public taxes to which they were fubject were as irregular and oppressive as the services. The ancient lords, though extremely unwilling to grant themselves any pecuniary aid to their fovereign, eafily allowed him to tallage, as they called it, their tenants, and had not knowledge enough to foresee how much this must in the end affect their own revenue. The taille, as it ftill fubfifts in France, may ferve as an example of those ancient tallages. It is a tax upon the supposed profits of the farmer, which they estimate by the flock that he has upon the farm. It is his interest, therefore, to appear to have as little as posible, and confequently to employ as little as possible in its cultivation, and none in its improvement. Should any flock happen to accumulate in the hands of a French farmer, the taille is almost equal to a prohibition of its ever being employed upon the land. This tax besides is supposed to dishonour whoever is subject to it, and to degrade him below, not only the rank of

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a gentleman, but that of a burgher, and whoever rents the lands of another becomes fubject
to it. No gentleman, nor even any burgher
who has flock, will fubmit to this degradation.
This tax, therefore, not only hinders the flock
which accumulates upon the land from being
employed in its improvement, but drives away
all other flock from it. The ancient tenths and
fifteenths, fo ufual in England in former times,
feem, fo far as they affected the land, to have
been taxes of the fame nature with the taille.

Under all these discouragements, little improvement could be expected from the occupiers of land. That order of people, with all the liberty and fecurity which law can give, must always improve under great difadvantages. The farmer compared with the proprietor, is as a merchant who trades with borrowed money compared with one who trades with his own. The flock of both may improve, but that of the one, with only equal good conduct, must always improve more flowly than that of the other, on account of the large share of the profits which is confumed by the interest of the loan. The lands cultivated by the farmer must, in the same manner, with only equal good conduct, be improved more flowly than those cultivated by the proprietor; on account of the large share of the produce which is confumed in the rent, and which, had the farmer been proprietor, he might have employed in the further improvement of the land. The station of a farmer besides is, from the nature of things, inferior to that of a proBOOK prietor. Through the greater part of Europe the yeomanry are regarded as an inferior rank of people, even to the better fort of tradefmen and mechanics, and in all parts of Europe to the great merchants and mafter manufacturers. It can feldom happen, therefore, that a man of any confiderable flock should quit the superior, in order to place himself in an inferior station. Even in the present state of Europe, therefore, little stock is likely to go from any other profession to the improvement of land in the way of farming. More does perhaps in Great Britain than in any other country, though even there the great stocks which are, in some places, employed in farming, have generally been acquired by

farmers are, in every country, the principal improvers. There are more fuch perhaps in England than in any other European monarchy. In the republican governments of Holland and of Berne in Switzerland, the farmers are faid to be not inferior to those of England.

farming, the trade, perhaps, in which of all others flock is commonly acquired most flowly. After small proprietors, however, rich and great

The ancient policy of Europe was, over and above all this, unfavourable to the improvement and cultivation of land, whether carried on by the proprietor or by the farmer; first, by the general prohibition of the exportation of corn without a special licence, which seems to have been a very universal regulation; and secondly, by the restraints which were laid upon the inland commerce, not only of corn but of almost every

other

other part of the produce of the farm, by the CHAP. abfurd laws against engroffers, regraters, and . II. forestallers, and by the privileges of fairs and markets. It has already been observed in what manner the prohibition of the exportation of corn, together with fome encouragement given to the importation of foreign corn, obstructed the cultivation of ancient Italy, naturally the most fertile country in Europe, and at that time the feat of the greatest empire in the world. To what degree fuch reftraints upon the inland commerce of this commodity, joined to the general prohibition of exportation, must have discouraged the cultivation of countries less fertile, and less favourably circumstanced, it is not perhaps very eafy to imagine.

CHAP. III.

Of the Rife and Progress of Cities and Towns, after the Fall of the Roman Empire.

THE inhabitants of cities and towns were, CHAP. after the fall of the Roman empire, not more favoured than those of the country. They confifted, indeed, of a very different order of people from the first inhabitants of the ancient republics of Greece and Italy. These last were composed chiefly of the proprietors of lands, among whom the public territory was originally divided, and who found it convenient to build

III.

BOOK their houses in the neighbourhood of one another, and to furround them with a wall, for the fake of common defence. After the fall of the Roman empire, on the contrary, the proprietors of land feem generally to have lived in fortified castles on their own estates, and in the midst of their own tenants and dependants. The towns were chiefly inhabited by tradefmen and mechanics, who feem in those days to have been of fervile, or very nearly of fervile condition. The privileges which we find granted by ancient charters to the inhabitants of fome of the principal towns in Europe, fufficiently shew what they were before those grants. The people to whom it is granted as a privilege, that they might give away their own daughters in marriage without the confent of their lord, that upon their death their own children, and not their lord, should fucceed to their goods, and that they might dispose of their own effects by will, must, before those grants, have been either altogether, or very nearly in the same state of villanage with the occupiers of land in the country.

They feem, indeed, to have been a very poor, mean fet of people, who used to travel about with their goods from place to place, and from fair to fair, like the hawkers and pedlars of the present times. In all the different countries of Europe then, in the same manner as in several of the Tartar governments of Asia at present, taxes used to be levied upon the persons and goods of travellers, when they passed through certain manors, when they went over certain bridges, when

they carried about their goods from place to place CHAP. in a fair, when they erected in it a booth or stall to sell them in. These different taxes were known in England by the names of paffage, pontage, lastage, and stallage. Sometimes the king, fometimes a great lord, who had, it feems, upon fome occasions, authority to do this, would grant to particular traders, to fuch particularly as lived in their own demefnes, a general exemption from fuch taxes. Such traders, though in other respects of servile, or very nearly of servile condition, were upon this account called Free-traders. They in return usually paid to their protector a fort of annual poll-tax. In those days protection was feldom granted without a valuable confideration, and this tax might, perhaps, be confidered as compensation for what their patrons might lose by their exemption from other taxes. At first, both those poll-taxes and those exemptions feem to have been altogether perfonal, and to have affected only particular individuals, during either their lives, or the pleasure of their protectors. In the very imperfeet accounts which have been published from Domefday-book, of feveral of the towns of England, mention is frequently made fometimes of the tax which particular burghers paid, each of them, either to the king, or to some other great lord, for this fort of protection; and fometimes of the general amount only of all those taxes *.

But

^{*} See Brady's historical treatise of Cities and Burroughs, p. 3, &c.

воок

But how fervile foever may have been originally the condition of the inhabitants of the towns, it appears evidently, that they arrived at liberty and independency much earlier than the occupiers of land in the country. That part of the king's revenue which arose from such poll-taxes in any particular town, used commonly to be let in farm, during a term of years for a rent certain, fometimes to the sheriff of the county, and some-times to other persons. The burghers themselves frequently got credit enough to be admitted to farm the revenues of this fort which arose out of their own town, they becoming jointly and feverally answerable for the whole rent *. To let a farm in this manner was quite agreeable to the ufual œconomy of, I believe, the fovereigns of all the different countries of Europe; who used frequently to let whole manors to all the tenants of those manors, they becoming jointly and feverally answerable for the whole rent; but in return being allowed to collect it in their own way, and to pay it into the king's exchequer by the hands of their own bailiff, and being thus altogether freed from the infolence of the king's officers; a circumstance in those days regarded as of the greatest importance.

At first, the farm of the town was probably let to the burghers, in the same manner as it had been to other farmers, for a term of years only. In process of time, however, it seems to

^{*} See Madox Firma Burgi, p. 18, also History of the Exchequer, chap. 10. fect. v. p. 223, first edition.

have become the general practice to grant it to them in fee, that is for ever, referving a rent certain never afterwards to be augmented. The payment having thus become perpetual, the exemptions, in return, for which it was made, naturally became perpetual too. Those exemptions, therefore, ceased to be personal, and could not afterwards be considered as belonging to individuals as individuals, but as burghers of a particular burgh, which, upon this account, was called a Free burgh, for the same reason that they had been called Free-burghers or Free-traders.

Along with this grant, the important privileges above mentioned, that they might give away their own daughters in marriage, that their children should succeed to them, and that they might dispose of their own effects by will, were generally bestowed upon the burghers of the town to whom it was given. Whether fuch privileges had before been usually granted along with the freedom of trade, to particular burghers, as individuals, I know not. I reckon it not improbable that they were, though I cannot produce any direct evidence of it. But however this may have been, the principal attributes of villanage and flavery being thus taken away from them, they now, at least, became really free in our present sense of the word Freedom.

Nor was this all. They were generally at the fame time erected into a commonalty or corporation, with the privilege of having magistrates and a town council of their own, of making

bye-

BOOK bye-laws for their own government, of building walls for their own defence, and of reducing all their inhabitants under a fort of military discipline, by obliging them to watch and ward; that is, as anciently understood, to guard and defend those walls against all attacks and furprifes by night as well as by day. In England they were generally exempted from fuit to the hundred and county courts; and all fuch pleas as should arise among them, the pleas of the crown excepted, were left to the decifion of their own magistrates. In other countries much greater and more extensive jurisdictions were frequently granted to them *.

IT might, probably, be necessary to grant to fuch towns as were admitted to farm their own revenues, fome fort of conpulfive jurifdiction to oblige their own citizens to make payment. In those disorderly times it might have been extremely inconvenient to have left them to feek this fort of justice from any other tribunal. But it must feem extraordinary that the fovereigns of all the different countries of Europe, should have exchanged in this manner for a rent certain, never more to be augmented, that branch of their revenue, which was, perhaps, of all others the most likely to be improved by the natural course of things, without either expence or attention of their own: and that they should, be-

^{*} See Madox Firma Burgi: See also Pfessel in the remarkable event under Frederic II. and his fuccessors of the house of Suabia.

fides, have in this manner voluntarily erected a C HAP. fort of independent republics in the heart of their own dominions.

In order to understand this, it must be remembered, that in those days the fovereign of perhaps no country in Europe was able to protect, through the whole extent of his dominions, the weaker part of his fubjects from the oppref-fion of the great lords. Those whom the law could not protect, and who were not ftrong enough to defend themselves, were obliged either to have recourse to the protection of some great lord, and in order to obtain it to become either his flaves or vaffals; or to enter into a league of mutual defence for the common protection of one another. The inhabitants of cities and burghs, confidered as fingle individuals, had no power to defend themselves; but by entering into a league of mutual defence with their neighbours, they were capable of making no contemptible refistance. The lords despised the burghers, whom they confidered not only as of a different order, but as a parcel of emancipated flaves, almost of a different species from themfelves. The wealth of the burghers never failed to provoke their envy and indignation, and they plundered them upon every occasion without mercy or remorfe. The burghers naturally hated and feared the lords. The king hated and feared them too; but though perhaps he might despife, he had no reason either to hate or fear the burghers. Mutual interest, therefore, disposed them to support the king, and the king to support them

BOOK them against the lords. They were the enemies of his enemies, and it was his interest to render them as fecure and independent of those enemies as he could. By granting them magistrates of their own, the privilege of making bye-laws for their own government, that of building walls for their own defence, and that of reducing all their inhabitants under a fort of military discipline, he gave them all the means of fecurity and independency of the barons which it was in his power to bestow. Without the establishment of some regular government of this kind, without fome authority to compel their inhabitants to act according to some certain plan or system, no voluntary league of mutual defence could either have afforded them any permanent fecurity, or have enabled them to give the king any confiderable Support. By granting them the farm of their town in fee, he took away from those whom he wished to have for his friends, and if one may fay fo, for his allies, all ground of jealoufy and fuspicion that he was ever afterwards to oppress them, either by raifing the farm rent of their town, or by granting it to some other farmer.

The princes who lived upon the worst terms with their barons, feem accordingly to have been the most liberal in grants of this kind to their burghs. King John of England, for example, appears to have been a most munificent benefactor to his towns*. Philip the First of France loft all authority over his barons. Towards the

^{*} See Madox.

end of his reign, his fon Lewis, known after- CHAP. wards by the name of Lewis the Fat, confulted, according to Father Daniel, with the bishops of the royal demesnes, concerning the most proper means of restraining the violence of the great lords. Their advice confifted of two different propofals. One was to erect a new order of jurifdiction, by establishing magistrates and a town council in every confiderable town of his demesnes. The other was to form a new militia, by making the inhabitants of those towns, under the command of their own magistrates, march out upon proper occasions to the affiftance of the king. It is from this period, according to the French antiquarians, that we are to date the institution of the magistrates and councils of cities in France. It was during the unprosperous reigns of the princes of the house of Suabia that the greater part of the free towns of Germany received the first grants of their privileges, and that the famous Hanfeatic league first became formidable *.

The militia of the cities feems, in those times, not to have been inserior to that of the country, and as they could be more readily assembled upon any sudden occasion, they frequently had the advantage in their disputes with the neighbouring lords. In countries, such as Italy and Switzerland, in which, on account either of their distance from the principal feat of government, of the natural strength of the country

BOOK itself, or of some other reason, the sovereign came to lofe the whole of his authority, the cities generally became independent republics, and conquered all the nobility in their neighbourhood; obliging them to pull down their caftles in the country, and to live, like other peaceable inhabitants, in the city. This is the fhort history of the republic of Berne, as well as of feveral other cities in Switzerland. If you except Venice, for of that city the history is fomewhat different, it is the history of all the confiderable Italian republics, of which fo great a number arose and perished, between the end of the twelfth and the beginning of the fixteenth century.

> In countries fuch as France or England, where the authority of the fovereign, though frequently very low, never was destroyed altogether, the cities had no opportunity of becoming entirely independent. They became, however, fo confiderable, that the fovereign could impose no tax upon them, besides the stated farm-rent of the town, without their own confent. They were, therefore, called upon to fend deputies to the general affembly of the states of the kingdom, where they might join with the clergy and the barons in granting, upon urgent occasions, some extraordinary aid to the king. Being generally too more favourable to his power, their deputies feem, fometimes, to have been employed by him as a counter-balance in those assemblies to the authority of the great lords. Hence the origin

of the representation of burghs in the states ge- C HAP. neral of all the great monarchies in Europe.

Order and good government, and along with them the liberty and fecurity of individuals, were, in this manner, established in cities, at a time when the occupiers of land in the country were exposed to every fort of violence. But men in this defenceless state naturally content themfelves with their necessary subsistence; because to acquire more might only tempt the injustice of their oppressors. On the contrary, when they are secure of enjoying the fruits of their industry, they naturally exert it to better their condition, and to acquire not only the necessaries, but the conveniencies and elegancies of life. That induftry, therefore, which aims at fomething more than necessary subsistence, was established in cities long before it was commonly practifed by the occupiers of land in the country. If in the hands of a poor cultivator, oppressed with the fervitude of villanage, fome little flock should accumulate, he would naturally conceal it with great care from his mafter, to whom it would otherwife have belonged, and take the first opportunity of running away to a town. The law was at that time fo indulgent to the inhabitants of towns, and fo defirous of diminishing the authority of the lords over those of the country, that if he could conceal himself there from the pursuit of his lord for a year, he was free for ever. Whatever flock, therefore, accumulated in the hands of the industrious part of the inhabitants of the country, naturally took refuge in cities.

B O O K cities, as the only fanctuaries in which it could be III. fecure to the perfon that acquired it.

The inhabitants of a city, it is true, must always ultimately derive their fubfiftence, and the whole materials and means of their industry, from the country. But those of a city fituated near either the fea-coast or the banks of a navigable river, are not necessarily confined to derive them from the country in their neighbourhood. They have a much wider range, and may draw them from the most remote corners of the world, either in exchange for the manufactured produce of their own industry, or by performing the office of carriers between diftant countries, and exchanging the produce of one for that of another. A city might in this manner grow up to great wealth and fplendor, while not only the country in its neighbourhood, but all those to which it traded, were in poverty and wretchednefs. Each of those countries, perhaps, taken fingly, could afford it but a finall part, either of its subfistence, or of its employment; but all of them taken together could afford it both a great fubfiftence and a great employment. There were, however, within the narrow circle of the commerce of those times, some countries that were opulent and industrious. Such was the Greek empire as long as it subsisted, and that of the Saracens during the reigns of the Abassides. Such too was Egypt till it was conquered by the Turks, some part of the coast of Barbary, and all those provinces of Spain which were under the government of the Moors.

The

The cities of Italy feem to have been the first C HAP. in Europe which were raifed by commerce to any confiderable degree of opulence. Italy lay in the centre of what was at that time the improved and civilized part of the world. The crufades too, though, by the great waste of stock and destruction of inhabitants which they occasioned, they must necessarily have retarded the progress of the greater part of Europe, were extremely favourable to that of some Italian cities. The great armies which marched from all parts to the conquest of the Holy Land, gave extraordinary encouragement to the shipping of Venice, Genoa, and Pifa, fometimes in transporting them thither, and always in supplying them with provifions. They were the commissaries, if one may fay fo, of those armies; and the most destructive frenzy that ever befel the European nations, was a fource of opulence to those republics.

The inhabitants of trading cities, by importing the improved manufactures and expensive luxuries of richer countries, afforded some food to the vanity of the great proprietors, who eagerly purchased them with great quantities of the rude produce of their own lands. The commerce of a great part of Europe in those times, accordingly, consisted chiefly in the exchange of their own rude, for the manufactured produce of more civilized nations. Thus the wool of England used to be exchanged for the wines of France, and the sine cloths of Flanders, in the same manner as the corn in Poland is at this

BOOK day exchanged for the wines and brandies of France, and for the filks and velvets of France and Italy.

A tafte for the finer and more improved manufactures, was in this manner introduced by foreign commerce into countries where no fuch works were carried on. But when this tafte became fo general as to occasion a considerable demand, the merchants, in order to save the expence of carriage, naturally endeavoured to establish some manufactures of the same kind in their own country. Hence the origin of the first manufactures for distant sale that seem to have been established in the western provinces of Europe, after the fall of the Roman empire.

No large country, it must be observed, ever . did or could fubfift without fome fort of manufactures being carried on in it; and when it is faid of any fuch country that it has no manufactures, it must always be understood of the finer and more improved, or of fuch as are fit for diftant fale. In every large country, both the clothing and houshold furniture of the far greater part of the people, are the produce of their own industry. This is even more univerfally the cafe in those poor countries which are commonly faid to have no manufactures, than in those rich ones that are faid to abound in them. In the latter, you will generally find, both in the clothes and houshold furniture of the lowest rank of people, a much greater proportion of foreign productions than in the former.

Thofe

Those manufactures which are fit for distant C HAP. fale, feem to have been introduced into different countries in two different ways.

Sometimes they have been introduced, in the manner above mentioned, by the violent operation, if one may fay fo, of the stocks of particular merchants and undertakers, who established them in imitation of fome foreign manufactures of the same kind. Such manufactures, therefore, are the offspring of foreign commerce, and fuch feem to have been the ancient manufactures of filks, velvets, and brocades, which flourished in Lucca, during the thirteenth century. They were banished from thence by the tyranny of one of Machiavel's heroes, Castruccio Castracani. In 1310, nine hundred families were driven out of Lucca, of whom thirty-one retired to Venice, and offered to introduce there the filk manufacture*. Their offer was accepted; many privileges were conferred upon them, and they began the manufacture with three hundred workmen. Such too feem to have been the manufactures of fine cloths that anciently flourished in Flanders, and which were introduced into England in the beginning of the reign of Elizabeth; and fuch are the present filk manufactures of Lyons and Spital-fields. Manufactures introduced in this manner are generally employed upon foreign materials, being imitations of foreign manufactures. When the Venetian manu-

^{*} See Sandi Istoria Civile de Vinezia, Part 2. vol. i. page 247, and 256.

BOOK facture was first established, the materials were all brought from Sicily and the Levant. The more ancient manufacture of Lucca was likewife carried on with foreign materials. The cultivation of mulberry trees, and the breeding of filkworms, feem not to have been common in the northern parts of Italy before the fixteenth century. Those arts were not introduced into France till the reign of Charles IX. The manufactures of Flanders were carried on chiefly with Spanish and English wool. Spanish wool was the material, not of the first woollen manufacture of England, but of the first that was fit for diftant fale. More than one half the materials of the Lyons manufacture is at this day foreign filk; when it was first established, the whole or very nearly the whole was fo. No part of the materials of the Spital-fields manufacture is ever likely to be the produce of England. The feat of fuch manufactures, as they are generally introduced by the scheme and project of a few individuals, is fometimes established in a maritime city, and fometimes in an inland town, according as their interest, judgment or caprice happen to determine.

At other times manufactures for distant sale grow up naturally, and as it were of their own accord, by the gradual refinement of those houshold and coarser manufactures which must at all times be carried on even in the poorest and rudest countries. Such manufactures are generally employed upon the materials which the country produces, and they feem frequently to have

have been first refined and improved in such in- C H A P. land countries as were, not indeed at a very great, but at a confiderable diftance from the fea coaft, and fometimes even from all water carriage. An inland country naturally fertile and eafily cultivated, produces a great furplus of provisions beyond what is necessary for maintaining the cultivators, and on account of the expence of land carriage, and inconveniency of river navigation, it may frequently be difficult to fend this furplus abroad. Abundance, therefore, renders provifions cheap, and encourages a great number of workmen to fettle in the neighbourhood, who find that their industry can there procure them more of the necessaries and conveniences of life than in other places. They work up the materials of manufacture which the land produces, and exchange their finished work, or what is the same thing the price of it, for more materials and provisions. They give a new value to the furplus part of the rude produce, by faving the expence of carrying it to the water fide, or to some distant market; and they furnish the cultivators with fomething in exchange for it that is either useful or agreeable to them, up-on easier terms than they could have obtained it before. The cultivators get a better price for their furplus produce, and can purchase cheaper other conveniences which they have occasion for. They are thus both encouraged and enabled to increase this surplus produce by a further improvement and better cultivation of the land; and as the fertility of the land had given birth

BOOK to the manufacture, so the progress of the manufacture re-acts upon the land, and increases still further its fertility. The manufactures first fupply the neighbourhood, and afterwards, as their work improves and refines, more distant markets. For though neither the rude produce, nor even the coarse manufacture, could, without the greatest difficulty, support the expence of a confiderable land carriage, the refined and improved manufacture easily may. In a small bulk it frequently contains the price of a great quantity of rude produce. A piece of fine cloth, for example, which weighs only eighty pounds, contains in it, the price, not only of eighty pounds weight of wool, but sometimes of several thousand weight of corn, the maintenance of the different working people, and of their immediate employers. The corn, which could with difficulty have been carried abroad in its own shape, is in this manner virtually exported in that of the complete manufacture, and may eafily be fent to the remotest corners of the world. In this manner have grown up naturally, and as it were of their own accord, the manufactures of Leeds, Halifax, Sheffield, Birmingham, and Wolverhampton. Such manufactures are the offspring of agriculture. In the modern history of Europe, their extension and improvement have generally been posterior to those which were the offspring of foreign commerce. England was noted for the manufacture of fine cloths made of Spanish wool, more than a century before any of those which now flourish in the places above mentioned

mentioned were fit for foreign fale. The extenfion and improvement of these last could not take place but in consequence of the extension and improvement of agriculture, the last and greatest effect of foreign commerce, and of the manufactures immediately introduced by it, and which I shall now proceed to explain.

CHAP. IV.

How the Commerce of the Towns contributed to the Improvement of the Country.

THE increase and riches of commercial and C H A P. manufacturing towns, contributed to the improvement and cultivation of the countries to which they belonged, in three different ways.

First, by affording a great and ready market for the rude produce of the country, they gave encouragement to its cultivation and further improvement. This benefit was not even confined to the countries in which they were fituated, but extended more or less to all those with which they had any dealings. To all of them they afforded a market for some part either of their rude or manufactured produce, and consequently gave some encouragement to the industry and improvement of all. Their own country, however, on account of its neighbourhood, necessarily derived the greatest benefit from this market.

BOOK Its rude produce being charged with less carriage, the traders could pay the growers a better price for it, and yet afford it as cheap to the confumers as that of more diffant countries.

Secondly, the wealth acquired by the inhabitants of cities was frequently employed in purchafing fuch lands as were to be fold, of which a great part would frequently be uncultivated. Merchants are commonly ambitious of becoming country gentlemen, and when they do, they are generally the best of all improvers. A merchant is accustomed to employ his money chiefly in profitable projects; whereas a mere country gentleman is accustomed to employ it chiefly in expence. The one often fees his money go from him and return to him again with a profit: the other, when once he parts with it, very feldom expects to fee any more of it. Those different habits naturally affect their temper and dispofition in every fort of business. A merchant is commonly a bold; a country gentleman, a timid undertaker. The one is not afraid to lay out at once a large capital upon the improvement of his land, when he has a probable prospect of raifing the value of it in proportion to the expence. The other, if he has any capital, which is not always the case, seldom ventures to employ it in this manner. If he improves at all, it is commonly not with a capital, but with what he can fave out of his annual revenue. Whoever has had the fortune to live in a mercantile town fituated in an unimproved country, muft have frequently observed how much more spirited

the operations of merchants were in this way, C HAP. than those of mere country gentlemen. The habits, besides, of order, occonomy and attention, to which mercantile business naturally forms a merchant, render him much fitter to execute, with profit and success, any project of improvement.

Thirdly, and laftly, commerce and manufactures gradually introduced order and good government, and with them, the liberty and fecurity of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of fervile dependency upon their superiors. This, though it has been the least observed, is by far the most important of all their effects. Mr. Hume is the only writer who, so far as I know, has hitherto taken notice of it.

In a country which has neither foreign commerce, nor any of the finer manufactures, a great proprietor, having nothing for which he can exchange the greater part of the produce of his lands which is over and above the maintenance of the cultivators, confumes the whole in ruftic hospitality at home. If this surplus produce is sufficient to maintain a hundred or a thousand men, he can make use of it in no other way than by maintaining a hundred or a thousand men. He is at all times, therefore, surrounded with a multitude of retainers and dependants, who having no equivalent to give in return for their maintenance, but being fed entirely by his bounty, must obey him, for the same reason that sol-

BOOK diers must obey the prince who pays them. Before the extension of commerce and manufactures in Europe, the hospitality of the rich and the great, from the fovereign down to the smallest baron, exceeded every thing which in the prefent times we can eafily form a notion of. Westminfter hall was the dining-room of William Rufus, and might frequently, perhaps, not be too large for his company. It was reckoned a piece of magnificence in Thomas Becket, that he strowed the floor of his hall with clean hay or rushes in the season, in order that the knights and fquires, who could not get feats, might not spoil their fine clothes when they fat down on the floor to eat their dinner. The great Earl of Warwick is faid to have entertained every day at his different manors, thirty thousand people; and though the number here may have been exaggerated, it must, however, have been very great to admit of such exaggeration. A hospitality nearly of the fame kind was exercifed not many years ago in many different parts of the Highlands of Scotland. It feems to be common in all nations to whom commerce and manufactures are little known. I have feen, fays Doctor Pocock, an Arabian chief dine in the streets of a town where he had come to fell his cattle, and invite all passengers, even common beggars, to sit down with him and partake of his banquet.

The occupiers of land were in every refpect as dependent upon the great proprietor as his retainers. Even fuch of them as were not in a flate of villanage, were tenants at will, who paid a rent in no respect equivalent to the subsistence CHAP. which the land afforded them. A crown, half a crown, a fheep, a lamb, was fome years ago in the Highlands of Scotland a common rent for lands which maintained a family. In fome places it is fo at this day; nor will money at prefent purchase a greater quantity of commodities there than in other places. In a country where the furplus produce of a large eftate must be confumed upon the eftate itself, it will frequently be more convenient for the proprietor, that part of it be confumed at a distance from his own house, provided they who confume it are as dependent upon him as either his retainers or his menial fervants. He is thereby faved from the embarraffment of either too large a company or too large a family. A tenant at will, who possesses land fufficient to maintain his family for little more than a quit-rent, is as dependent upon the proprietor as any fervant or retainer whatever, and must obey him with as little referve. Such a proprietor, as he feeds his fervants and retainers at his own house, so he feeds his tenants at their houses. The subfiftence of both is derived from his bounty, and its continuance depends upon his good pleafure.

Upon the authority which the great proprietors necessarily had in such a state of things over their tenants and retainers, was founded the power of the ancient barons. They necessarily became the judges in peace, and the leaders in war, of all who dwelt upon their estates. They could maintain order and execute the law within their

respective

BOOK respective demesses, because each of them could there turn the whole force of all the inhabitants against the injustice of any one. No other perfon had fufficient authority to do this. The king in particular had not. In those ancient times he was little more than the greatest proprietor in his dominions, to whom, for the fake of common defence against their common enemies, the other great proprietors paid certain refpects. To have enforced payment of a finall debt within the lands of a great proprietor, where all the inhabitants were armed and accustomed to stand by one another, would have coft the king, had he attempted it by his own authority, almost the same effort as to extinguish a civil war. He was, therefore, obliged to abandon the administration of justice through the greater part of the country, to those who were capable of administering it; and for the fame reason to leave the command of the country militia to those whom that militia would obey.

It is a miftake to imagine that those territorial jurifdictions took their origin from the feudal law. Not only the highest jurisdictions both civil and criminal, but the power of levying troops, of coining money, and even that of making byelaws for the government of their own people, were all rights possessed allodially by the great proprietors of land feveral centuries before even the name of the feudal law was known in Europe. The authority and jurifdiction of the Saxon lords in England, appear to have been as great before the conquest, as that of any of the Norman

lords

lords after it. But the feudal law is not fup- CHAP. posed to have become the common law of Eng- IV. land till after the conquest. That the most extenfive authority and jurisdictions were possessed by the great lords in France allodially, long before the feudal law was introduced into that country, is a matter of fact that admits of no doubt. That authority and those jurifdictions all necessarily flowed from the state of property and manners just now described. Without remounting to the remote antiquities of either the French or English monarchies, we may find in much later times many proofs that fuch effects must always flow from such causes. It is not thirty years ago fince Mr. Cameron of Lochiel, a gentleman of Lochabar in Scotland, without any legal warrant whatever, not being what was then called a lord of regality, nor even a tenant in chief, but a vaffal of the Duke of Argyle, and without being fo much as a justice of peace, used, notwithstanding, to exercise the highest criminal jurisdiction over his own people. He is faid to have done fo with great equity, though without any of the formalities of justice; and it is not improbable that the flate of that part of the country at that time made it necessary for him to assume this authority in order to maintain the public peace. That gentleman, whose rent never exceeded five hundred pounds a year, carried, in 1745, eight hundred of his own people into the rebellion with him.

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The introduction of the feudal law, fo far from extending, may be regarded as an attempt to moderate the authority of the great allodial lords. It established a regular subordination, accompanied with a long train of fervices and duties, from the king down to the smallest proprietor. During the minority of the proprietor, the rent, together with the management of his lands, fell into the hands of his immediate superior, and, confequently, those of all great proprietors into the hands of the king, who was charged with the maintenance and education of the pupil, and who, from his authority as guardian, was supposed to have a right of disposing of him in marriage, provided it was in a manner not unfuitable to his rank. But though this institution necessarily tended to strengthen the authority of the king, and to weaken that of the great proprietors, it could not do either fufficiently for establishing order and good government among the inhabitants of the country; because it could not alter sufficiently that state of property and manners from which the diforders arofe. The authority of government still continued to be, as before, too weak in the head and too ftrong in the inferior members, and the exceffive ftrength of the inferior members was the cause of the weakness of the head. After the inflitution of feudal fubordination, the king was as incapable of reftraining the violence of the great lords as before. They still continued to make war according to their own difcretion, almost almost continually upon one another, and very C HAP. frequently upon the king; and the open country still continued to be a scene of violence, rapine, and disorder.

But what all the violence of the feudal inftitutions could never have effected, the filent and infensible operation of foreign commerce and manufactures gradually brought about. These gradually furnished the great proprietors with something for which they could exchange the whole furplus produce of their lands, and which they could confume themselves without sharing it either with tenants or retainers. All for ourfelves, and nothing for other people, feems, in every age of the world, to have been the vile maxim of the mafters of mankind. As foon, therefore, as they could find a method of confuming the whole value of their rents themselves, they had no disposition to share them with any other persons. For a pair of dimond buckles perhaps, or for fomething as frivolous and ufeless, they exchanged the maintenance, or what is the same thing, the price of the maintenance of a thousand men for a year, and with it the whole weight and authority which it could give them. The buckles, however, were to be all their own, and no other human creature was to have any share of them; whereas in the more ancient method of expence they must have shared with at least a thousand people. With the judges that were to determine the preference, this difference was perfectly decifive; and thus, for the gratification of the most childish, the meanest and

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BOOK the most fordid of all vanities, they gradually bartered their whole power and authority.

In a country where there is no foreign commerce, nor any of the finer manufactures, a man of ten thousand a year cannot well employ his revenue in any other way than in maintaining, perhaps, a thousand families, who are all of them necessarily at his command. In the present state of Europe, a man of ten thousand a year can fpend his whole revenue, and he generally does fo, without directly maintaining twenty people, or being able to command more than ten footmen not worth the commanding. Indirectly, perhaps, he maintains as great or even a greater number of people than he could have done by the ancient method of expence. For though the quantity of precious productions for which he exchanges his whole revenue be very fmall, the number of workmen employed in collecting and preparing it, must necessarily have been very great. Its great price generally arifes from the wages of their labour, and the profits of all their immediate employers. By paying that price he indirectly pays all those wages and profits, and thus indirectly contributes to the maintenance of all the workmen and their employers. He generally contributes, however, but a very fmall proportion to that of each, to very few perhaps a tenth, to many not a hundredth, and to some not a thousandth, nor even a ten thousandth part of their whole annual maintenance. Though he contributes, therefore, to the maintenance of them all, they are all more or less independent

of him, because generally they can all be main- C HAP. tained without him.

When the great proprietors of land fpend their rents in maintaining their tenants and retainers, each of them maintains entirely all his own tenants and all his own retainers. But when they fpend them in maintaining tradefmen and artificers, they may, all of them taken together, perhaps, maintain as great, or, on account of the waste which attends rustic hospitality, a greater number of people than before. Each of them, however, taken fingly, contributes often but a very fmall share to the maintenance of any individual of this greater number. Each tradesman or artificer derives his subsistence from the employment, not of one, but of a hundred or a thousand different customers. Though in some measure obliged to them all, therefore, he is not absolutely dependent upon any one of them.

The personal expence of the great proprietors having in this manner gradually increased, it was impossible that the number of their retainers should not as gradually diminish, till they were at last dismissed altogether. The same cause gradually led them to dismiss the unnecessary part of their tenants. Farms were enlarged, and the occupiers of land, notwithstanding the complaints of depopulation, reduced to the number necessary for cultivating it, according to the impersect state of cultivation and improvement in those times. By the removal of the unnecessary mouths, and by exacting from the farmer the full value of the farm, a greater surplus, or what

BOOK is the same thing, the price of a greater surplus, was obtained for the proprietor, which the merchants and manufacturers foon furnished him with a method of fpending upon his own person in the same manner as he had done the rest. The fame cause continuing to operate, he was defirous to raife his rents above what his lands, in the actual state of their improvement, could afford. His tenants could agree to this upon one condition only, that they should be secured in their possession, for such a term of years as might give them time to recover with profit whatever they should lay out in the further improvement of the land. The expensive vanity of the landlord made him willing to accept of this condition; and hence the origin of long leafes.

Even a tenant at will, who pays the full value of the land, is not altogether dependent upon the landlord. The pecuniary advantages which they receive from one another, are mutual and equal, and fuch a tenant will expose neither his life nor his fortune in the service of the proprietor. But if he has a lease for a long term of years, he is altogether independent; and his landlord must not expect from him even the most trisling service beyond what is either expressly stipulated in the lease, or imposed upon him by the common and known law of the country.

The tenants having in this manner become independent, and the retainers being difmiffed, the great proprietors were no longer capable of interrupting the regular execution of juffice, or of difturbing the peace of the country. Having C HAP. fold their birth-right, not like Efau for a mess of pottage in time of hunger and necessity, but in the wantonness of plenty, for trinkets and baubles, fitter to be the play-things of children than the serious pursuits of men, they became as insignificant as any substantial burgher or tradefman in a city. A regular government was established in the country as well as in the city, nobody having sufficient power to disturb its operations in the one, any more than in the other.

It does not, perhaps, relate to the prefent fubject, but I cannot help remarking it, that very old families, fuch as have possessed fome confiderable estate from father to fon for many fuccessive generations, are very rare in commercial countries. In countries which have little commerce, on the contrary, fuch as Wales or the Highlands of Scotland, they are very common. The Arabian histories seem to be all full of genealogies, and there is a history written by a Tartar Khan, which has been translated into feveral European languages, and which contains scarce any thing else; a proof that ancient families are very common among those nations. In countries where a rich man can fpend his revenue in no other way than by maintaining as many people as it can maintain, he is not apt to run out, and his benevolence it feems is feldom fo violent as to attempt to maintain more than he can afford. But where he can fpend the greatest revenue upon his own person, he frequently has

BOOK no bounds to his expence, because he frequently has no bounds to his vanity, or to his affection for his own perfon. In commercial countries, therefore, riches, in spite of the most violent regulations of law to prevent their diffipation, very feldom remain long in the fame family. Among fimple nations, on the contrary, they frequently do without any regulations of law: for among nations of shepherds, such as the Tartars and Arabs, the confumable nature of their property necessarily renders all such regulations impossible.

A revolution of the greatest importance to the public happiness, was in this manner brought about by two different orders of people, who had not the least intention to serve the public. To gratify the most childish vanity was the sole motive of the great proprietors. The merchants and artificers, much less ridiculous, acted merely from a view to their own interest, and in purfuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or forefight of that great revolution which the folly of the one, and the industry of the other, was gradually bringing about.

It is thus that through the greater part of Europe the commerce and manufactures of cities, instead of being the effect, have been the cause and occasion of the improvement and cultivation

of the country.

This order, however, being contrary to the natural course of things, is necessarily both flow and uncertain. Compare the flow progrefs of

those European countries of which the wealth CHAP. depends very much upon their commerce and manufactures, with the rapid advances of our North American colonies, of which the wealth is founded altogether in agriculture. Through the greater part of Europe, the number of inhabitants is not supposed to double in less than five hundred years. In feveral of our North American colonies, it is found to double in twenty or five-and-twenty years. In Europe, the law of primogeniture, and perpetuities of different kinds, prevent the division of great estates, and thereby hinder the multiplication of small proprietors. A fmall proprietor, however, who knows every part of his little territory, views it with all the affection which property, especially small property, naturally inspires, and who upon that account takes pleasure not only in cultivating but in adorning it, is generally of all improvers the most industrious, the most intelligent, and the most successful. The same regulations, besides, keep fo much land out of the market, that there are always more capitals to buy than there is land to fell, fo that what is fold always fells at a monopoly price. The rent never pays the interest of the purchase-money, and is besides burdened with repairs and other occasional charges, to which the interest of money is not liable. To purchase land is every-where in Europe a most unprofitable employment of a small capital. For the fake of the fuperior fecurity, indeed, a man of moderate circumstances, when he retires from business, will fometimes chuse to lay out

BOOK III.

his little capital in land. A man of profession too, whose revenue is derived from another fource, often loves to fecure his favings in the fame way. But a young man, who, inftead of applying to trade or to fome profession, should employ a capital of two or three thousand pounds in the purchase and cultivation of a small piece of land, might indeed expect to live very happily, and very independently, but must bid adieu, for ever, to all hope of either great fortune or great illustration, which by a different employment of his stock he might have had the same chance of acquiring with other people. Such a person too, though he cannot aspire at being a proprietor, will often distain to be a farmer. The finall quantity of land, therefore, which is brought to market, and the high price of what is brought thither, prevents a great number of capitals from being employed in its cultivation and improvement which would otherwife have taken that direction. In North America, on the contrary, fifty or fixty pounds is often found a fufficient flock to begin a plantation with. The purchase and improvement of uncultivated land, is there the most profitable employment of the smallest as well as of the greatest capitals, and the most direct road to all the fortune and illustration which can be acquired in that country. Such land, indeed, is in North America to be had almost for nothing, or at a price much below the value of the natural produce; a thing impossible in Europe, or, indeed, in any country where all lands have long been private

private property. If landed estates, however, were divided equally among all the children, upon the death of any proprietor who lest a numerous family, the estate would generally be sold. So much land would come to market, that it could no longer sell at a monopoly price. The free rent of the land would go nearer to pay the interest of the purchase-money, and a sinall capital might be employed in purchasing land as profitably as in any other way.

England, on account of the natural fertility of the foil, of the great extent of the fea-coast in proportion to that of the whole country, and of the many navigable rivers which run through it, and afford the conveniency of water carriage to fome of the most inland parts of it, is perhaps as well fitted by nature as any large country in Europe, to be the feat of foreign commerce, of manufactures for diffant fale, and of all the improvements which these can occasion. From the beginning of the reign of Elizabeth too, the English legislature has been peculiarly attentive to the interests of commerce and manufactures, and in reality there is no country in Europe, Holland itself not excepted, of which the law is, upon the whole, more favourable to this fort of industry. Commerce and manufactures have accordingly been continually advancing during all this period. The cultivation and improvement of the country has, no doubt, been gradually advancing too: But it feems to have followed flowly, and at a distance, the more rapid progress of commerce and manufactures. The greater

BOOK part of the country must probably have been III. cultivated before the rei cultivated before the reign of Elizabeth; and a very great part of it still remains uncultivated, and the cultivation of the far greater part, much inferior to what it might be. The law of England, however, favours agriculture not only indirectly by the protection of commerce, but by feveral direct encouragements. Except in times of fcarcity, the exportation of corn is not only free, but encouraged by a bounty. In times of moderate plenty, the importation of foreign corn is loaded with duties that amount to a prohibition. The importation of live cattle, except from Ireland, is prohibited at all times, and it is but of late that it was permitted from thence. Those who cultivate the land, therefore, have a monopoly against their countrymen for the two greatest and most important articles of land produce, bread and butcher's-meat. Thefe encouragements, though at bottom, perhaps, as I shall endeavour to show hereafter, altogether illufory, fufficiently demonstrate at least the good intention of the legislature to favour agriculture. But what is of much more importance than all of them, the yeomanry of England are rendered as fecure, as independent, and as respectable as law can make them. No country, therefore, in which the right of primogeniture takes place, which pays tithes, and where perpetuities, though contrary to the spirit of the law, are admitted in fome cases, can give more encouragement to agriculture than England. Such, however, notwithstanding, is the state of its cultivation.

What

What would it have been, had the law given no c HAP. direct encouragement to agriculture besides what arises indirectly from the progress of commerce, and had left the yeomanry in the same condition as in most other countries of Europe? It is now more than two hundred years since the beginning of the reign of Elizabeth, a period as long as the course of human prosperity usually endures.

France feems to have had a confiderable fhare of foreign commerce near a century before England was diftinguished as a commercial country. The marine of France was confiderable, according to the notions of the times, before the expedition of Charles the VIIIth to Naples. The cultivation and improvement of France, however, is upon the whole, inferior to that of England. The law of the country has never given the same direct encouragement to agriculture.

The foreign commerce of Spain and Portugal to the other parts of Europe, though chiefly carried on in foreign ships, is very considerable. That to their colonies is carried on in their own, and is much greater, on account of the great riches and extent of those colonies. But it has never introduced any considerable manufactures for distant sale into either of those countries, and the greater part of both still remains uncultivated. The foreign commerce of Portugal is of older standing that that of any great country in Europe, except Italy.

Italy is the only great country of Europe which feems to have been cultivated and im-

BOOK proved in every part, by means of foreign commerce and manufactures for distant sale. Before the invasion of Charles the VIIIth, Italy, according to Guicciardin, was cultivated not less in the most mountainous and barren parts of the country, than in the plainest and most fertile. The advantageous situation of the country, and the great number of independent states which at that time subsisted in it, probably contributed not a little to this general cultivation. It is not impossible too, notwithstanding this general expression of one of the most judicious and referved of modern historians, that Italy was not at that time better cultivated than England is at present.

The capital, however, that is acquired to any country by commerce and manufactures, is all a very precarious and uncertain possession, till some part of it has been fecured and realized in the cultivation and improvement of its lands. A merchant, it has been faid very properly, is not necessarily the citizen of any particular country. It is in a great measure indifferent to him from what place he carries on his trade; and a very trifling difguft will make him remove his capital, and together with it all the industry which it supports, from one country to another. No part of it can be faid to belong to any particular country, till it has been spread as it were over the face of that country, either in buildings, or in the lafting improvement of lands. No veftige now remains of the great wealth, faid to have been possessed by the greater part of the Hans towns,

except in the obscure histories of the thirteenth C HAP. and fourteenth centuries. It is even uncertain, where fome of them were fituated, or to what towns in Europe the Latin names given to fome of them belong. But though the misfortunes of Italy in the end of the fifteenth and beginning of the fixteenth centuries greatly diminished the commerce and manufactures of the cities of Lombardy and Tufcany, those countries still continue to be among the most populous and best cultivated in Europe. The civil wars of Flanders, and the Spanish government which fucceeded them, chafed away the great commerce of Antwerp, Ghent, and Bruges. But Flanders still continues to be one of the richest, best cultivated, and most populous provinces of Europe. The ordinary revolutions of war and government eafily dry up the fources of that wealth which arises from commerce only. That which arifes from the more folid improvements of agriculture, is much more durable, and cannot be destroyed but by those more violent convulfions, occasioned by the depredations of hostile and barbarous nations, continued for a century or two together; fuch as those that happened for some time before and after the fall of the Roman empire in the western provinces of Europe.

BOOK IV.

OF SYSTEMS OF POLITICAL ŒCONOMY.

INTRODUCTION.

BOOK DOLITICAL occonomy, confidered as a branch of the science of a statesman or legis-Introduct. lator, proposes two distinct objects: first, to provide a plentiful revenue or fubfiftence for the people, or, more properly, to enable them to provide fuch a revenue or fubfiftence for themfelves; and fecondly, to fupply the state or commonwealth with a revenue fufficient for the public fervices. It propofes to enrich both the people and the fovereign.

> The different progress of opulence in different ages and nations, has given occasion to two different fystems of political occonomy, with regard to enriching the people. The one may be called the fystem of commerce, the other that of agriculture. I shall endeavour to explain both as fully and diffinctly as I can, and shall begin with the fystem of commerce. It is the modern fystem, and is best understood in our own coun-

try and in our own times.

CHAP. I.

Of the Principle of the commercial, or mercantile System.

THAT wealth confifts in money, or in gold CHAP. and filver, is a popular notion which naturally arises from the double function of money, as the instrument of commerce, and as the measure of value. In consequence of its being the inftrument of commerce, when we have money we can more readily obtain whatever elfe we have cccasion for, than by means of any other commodity. The great affair, we always find, is to get money. When that is obtained, there is no difficulty in making any fubfequent purchafe. In confequence of its being the measure of value, we estimate that of all other commodities by the quantity of money which they will exchange for. We fay of a rich man that he is worth a great deal, and of a poor man that he is worth very little money. A frugal man, or a man eager to be rich, is faid to love money; and a careless, a generous, or a profuse man, is said to be indifferent about it. To grow rich is to get money; and wealth and money, in short, are, in common language, confidered as in every respect fynonymous.

A rich country, in the fame manner as a rich man, is supposed to be a country abounding in money; and to heap up gold and filver in any country

BOOK country is supposed to be the readiest way to enrich it. For some time after the discovery of America, the first enquiry of the Spaniards, when they arrived upon any unknown coast, used to be, if there was any gold or silver to be found in the neighbourhood? By the information which they received, they judged whether it was worth while to make a settlement there, or if the country was worth the conquering. Plano Carpino, a monk, sent ambassador from the King of France to one of the sons of the samous Gengis Khan, says that the Tartars used frequently to ask him, if there was plenty of sheep and oxen in the kingdom of France? Their enquiry had the same object with that of the Spaniards. They wanted to know if the country was rich enough

Mr. Locke remarks a diffinction between money and other moveable goods. All other moveable goods, he fays, are of fo confumable a nature, that the wealth which confifts in them cannot be much depended on, and a nation which abounds in them one year may, without any exportation, but merely by their own wafte and extravagance, be in great want of them the

to the truth.

to be worth the conquering. Among the Tartars, as among all other nations of shepherds, who are generally ignorant of the use of money, cattle are the instruments of commerce and the measures of value. Wealth, therefore, according to them, consisted in cattle, as according to the Spaniards it consisted in gold and silver. Of the two, the Tartar notion, perhaps, was the nearest

next. Money, on the contrary, is a fleady friend, c HAP. which, though it may travel about from hand to hand, yet if it can be kept from going out of the country, is not very liable to be wafted and confumed. Gold and filver, therefore, are, according to him, the most folid and substantial part of the moveable wealth of a nation, and to multiply those metals ought, he thinks, upon that account, to be the great object of its political œconomy.

Others admit, that if a nation could be feparated from all the world, it would be of no confequence how much, or how little money circulated in it. The confumable goods which were circulated by means of this money, would only be exchanged for a greater or a fmaller number of pieces; but the real wealth or poverty of the country, they allow, would depend altogether upon the abundance or fcarcity of those confumable goods. But it is otherwise, they think, with countries which have connections with for reign nations, and which are obliged to carry on foreign wars, and to maintain fleets and armies in distant countries. This, they fay, cannot be done, but by fending abroad money to pay them with; and a nation cannot fend much money abroad, unless it has a good deal at home. Every fuch nation, therefore, must endeavour in time of peace to accumulate gold and filver, that, when occasion requires, it may have wherewithal to carry on foreign wars.

In confequence of these popular notions, all the different nations of Europe have studied, though to little purpose, every possible means of BOOK accumulating gold and filver in their respective countries. Spain and Portugal, the proprietors of the principal mines which supply Europe with those metals, have either prohibited their exportation under the severest penalties, or subjected it to a considerable duty. The like prohibition seems anciently to have made a part of the policy of most other European nations. It is even to be found, where we should least of all expect to find it, in some old Scotch acts of parliament, which forbid, under heavy penalties, the carrying gold or silver forth of the kingdom. The like policy anciently took place both in France and England.

When those countries became commercial, the merchants found this prohibition, upon many occasions, extremely inconvenient. They could frequently buy more advantageously with gold and filver than with any other commodity, the foreign goods which they wanted, either to import into their own, or to carry to some other foreign country. They remonstrated, therefore, against this prohibition as hurtful to trade.

They represented, first, that the exportation of gold and silver in order to purchase foreign goods, did not always diminish the quantity of those metals in the kingdom. That, on the contrary, it might frequently increase that quantity; because, if the consumption of foreign goods was not thereby increased in the country, those goods might be re-exported to foreign countries, and, being there sold for a large profit, might bring back much more treasure

than

than was originally fent out to purchase them. C H AP. Mr. Mun compares this operation of foreign trade to the feed-time and harvest of agriculture.

" If we only behold," fays he, "the actions of

" the husbandman in the feed time, when he

" cafteth away much good corn into the ground,

" we shall account him rather a madman than a

" husbandman. But when we confider his

" labours in the harvest, which is the end of his

" endeavours, we shall find the worth and plenti-

" ful increase of his actions."

They reprefented, fecondly, that this prohibition could not hinder the exportation of gold and filver, which, on account of the smallness of their bulk in proportion to their value, could eafily be fmuggled abroad. That this exportation could only be prevented by a proper attention to, what they called, the balance of trade. That when the country exported to a greater value than it imported, a balance became due to it from foreign nations, which was necessarily paid to it in gold and filver, and thereby increased the quantity of those metals in the kingdom. But that when it imported to a greater value than it exported, a contrary balance became due to foreign nations, which was necessarily paid to them in the same manner, and thereby di-minished that quantity. That in this case, to prohibit the exportation of those metals could not prevent it, but only by making it more dangerous, render it more expensive. That the exchange was thereby turned more against the country which owed the balance, than it otherwife

BOOK otherwise might have been; the merchant who purchased a bill upon the foreign country being obliged to pay the banker who fold it, not only for the natural rifk, trouble, and expence of fending the money thither, but for the extraordinary risk arising from the prohibition. But that the more the exchange was against any country, the more the balance of trade became necessarily against it; the money of that country becoming necessarily of so much less value, in comparison with that of the country to which the balance was due. That if the exchange between England and Holland, for example, was five per cent. against England, it would require a hundred and five ounces of filver in England to purchase a bill for a hundred ounces of filver in Holland: that a hundred and five ounces of filver in England, therefore, would be worth only a hundred ounces of filver in Holland, and would purchase only a proportionable quantity of Dutch goods: but that a hundred ounces of filver in Holland, on the contrary, would be worth a hundred and five ounces in England, and would purchase a proportionable quantity of English goods: that the English goods which were fold to Holland would be fold fo much cheaper; and the Dutch goods which were fold to England, fo much dearer, by the difference of the exchange; that the one would draw fo much less Dutch money to England, and the other so much more English money to Holland, as this difference amounted to: and that the balance of trade, therefore, would necessarily be

fo much more against England, and would CHAP. require a greater balance of gold and filver to be exported to Holland.

Those arguments were partly folid and partly fophistical. They were folid so far as they afferted that the exportation of gold and filver in trade might frequently be advantageous to the country. They were folid too, in afferting that no prohibition could prevent their exportation, when private people found any advantage in exporting them. But they were fophistical in fuppofing, that either to preferve or to augment the quantity of those metals required more the attention of government, than to preferve or to augment the quantity of any other useful com-modities, which the freedom of trade, without any fuch attention, never fails to fupply in the proper quantity. They were fophistical too, perhaps, in afferting that the high price of exchange necessarily increased, what they called, the unfavourable balance of trade, or occasioned the exportation of a greater quantity of gold and filver. That high price, indeed, was extremely disadvantageous to the merchants who had any money to pay in foreign countries. They paid so much dearer for the bills which their bankers granted them upon those countries. But though the risk arising from the prohibition might occafion fome extraordinary expence to the bankers, it would not necessarily carry any more money out of the country. This expence would generally be all laid out in the country, in fmuggling the money out of it, and could feldom occasion

BOOK the exportation of a fingle fix-pence beyond the precife fum drawn for. The high price of exchange too would naturally difpofe the merchants to endeavour to make their exports nearly balance their imports, in order that they might have this high exchange to pay upon as fmall a fum as possible. The high price of exchange, besides, must necessarily have operated as a tax, in raising the price of foreign goods, and thereby diminishing their consumption. It would tend, therefore, not to increase, but to diminish, what they called, the unfavourable balance of trade, and consequently the exportation of gold and filver.

Such as they were, however, those arguments convinced the people to whom they were addressed. They were addressed by merchants to parliaments, and to the councils of princes, to nobles, and to country gentlemen; by those who were supposed to understand trade, to those who were conscious to themselves that they knew nothing about the matter. That foreign trade enriched the country, experience demonstrated to the nobles and country gentlemen, as well as to the merchants; but how, or in what manner, none of them well knew. The merchants knew perfectly in what manner it enriched themselves. It was their business to know it. But to know in what manner it enriched the country, was no part of their business. This subject never came into their confideration, but when they had occafion to apply to their country for fome change in the laws relating to foreign trade. In then

became

became necessary to fay something about the CHAP. beneficial effects of foreign trade, and the manner _____I. in which those effects were obstructed by the laws as they then flood. To the judges who were to decide the bufiness, it appeared a most satisfactory account of the matter, when they were told that foreign trade brought money into the country, but that the laws in question hindered it from bringing fo much as it otherwife would do. Those arguments therefore produced the wishedfor effect. The prohibition of exporting gold and filver was in France and England confined to the coin of those respective countries. The exportation of foreign coin and of bullion was made free. In Holland, and in some other places, this liberty was extended even to the coin of the country. The attention of government was turned away from guarding against the exportation of gold and filver, to watch over the balance of trade, as the only cause which could occasion any augmentation or diminution of those metals. From one fruitless care it was turned away to another care much more intricate, much more embarraffing, and just equally fruitless. The title of Mun's book, England's Treasure in Foreign Trade, became a fundamental maxim in the political oconomy, not of England only, but of all other commercial countries. The inland or home trade, the most important of all, the trade in which an equal capital affords the greatest revenue, and creates the greatest employment to the people of the country, was confidered as fubfidiary only to foreign trade. It L 2 neither

faid, nor carried any out of it. The country therefore could never become either richer or poorer by means of it, except fo far as its prosperity or decay might indirectly influence the state of foreign trade.

A country that has no mines of its own must undoubtedly draw its gold and filver from foreign countries, in the same manner as one that has no vineyards of its own must draw its wines. It does not feem necessary, however, that the attention of government should be more turned towards the one than towards the other object. A country that has wherewithal to buy wine, will always get the wine which it has occasion for; and a country that has wherewithal to buy gold and filver, will never be in want of those metals. They are to be bought for a certain price like all other commodities, and as they are the price of all other commodities, fo all other commodities are the price of those metals. We trust with perfect fecurity that the freedom of trade, without any attention of government, will always fupply us with the wine which we have occasion for: and we may trust with equal fecurity that it will always supply us with all the gold and silver which we can afford to purchase or to employ, either in circulating our commodities, or in other uses.

The quantity of every commodity which human industry can either purchase or produce, naturally regulates itself in every country according to the effectual demand, or according to the demand

demand of those who are willing to pay the whole C HAP. rent, labour and profits which must be paid in _____I. order to prepare and bring it to market. But no commodities regulate themselves more easily or more exactly according to this effectual demand than gold and filver; because, on account of the fmall bulk and great value of those metals, no commodities can be more eafily transported from one place to another, from the places where they are cheap, to those where they are dear, from the places where they exceed, to those where they fall fhort of this effectual demand. If there were in England, for example, an effectual demand for an additional quantity of gold, a packet-boat could bring from Lishon, or from wherever else it was to be had, fifty tuns of gold, which could be coined into more than five millions of guineas. But if there were an effectual demand for grain to the same value, to import it would require, at five guineas a tun, a million of tuns of shipping, or a thousand ships of a thousand tuns each. The navy of England would not be fufficient.

When the quantity of gold and filver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exportation. All the fanguinary laws of Spain and Portugal are not able to keep their gold and filver at home. The continual importations from Peru and Brazil exceed the effectual demand of those countries, and fink the price of those metals there below that in the neighbouring countries. If, on the contrary, in any particular country their quantity fell short of the effectual

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demand,

BOOK demand, fo as to raife their price above that of the neighbouring countries, the government would have no occasion to take any pains to import them. If it were even to take pains to prevent their importation, it would not be able to effectuate it. Those metals, when the Spartans had got wherewithal to purchase them, broke through all the barriers which the laws of Lycurgus opposed to their entrance into Lacedemon. All the fanguinary laws of the customs are not able to prevent the importation of the teas of the Dutch and Gottenburgh East India companies; because somewhat cheaper than those of the British company. A pound of tea, however, is about a hundred times the bulk of one of the highest prices, fixteen shillings, that is commonly paid for it in filver, and more than two thousand times the bulk of the same price in gold, and confequently just fo many times more difficult to fmuggle.

> It is partly owing to the eafy transportation of gold and filver from the places where they abound to those where they are wanted, that the price of those metals does not fluctuate continually like that of the greater part of other commodities, which are hindered by their bulk from shifting their fituation, when the market happens to be either over or under flocked with them. The price of those metals, indeed, is not altogether exempted from variation, but the changes to which it is liable are generally flow, gradual, and uniform. In Europe, for example, it is supposed, without much foundation, perhaps,

that.

that, during the course of the present and preceding century, they have been constantly, but gradually, sinking in their value, on account of the continual importations from the Spanish West Indies. But to make any sudden change in the price of gold and silver, so as to raise or lower at once, sensibly and remarkably, the money price of all other commodities, requires such a revolution in commerce as that occasioned by the discovery of America.

If, notwithstanding all this, gold and filver should at any time fall short in a country which has wherewithal to purchase them, there are more expedients for supplying their place, than that of almost any other commodity. If the materials of manufacture are wanted, industry must stop. If provisions are wanted, the people must starve. But if money is wanted, barter will fupply its place, though with a good deal of inconveniency. Buying and felling upon credit, and the different dealers compensating their credits with one another, once a month or once a year, will fupply it with less inconveniency. A well-regulated paper money will supply it, not only without any inconveniency, but, in fome cases, with some advantages. Upon every account, therefore, the attention of government never was fo unnecessarily employed, as when directed to watch over the preservation or increase of the quantity of money in any country.

No complaint, however, is more common than that of a fcarcity of money. Money, like wine, must always be scarce with those who have

neither

BOOK neither where with al to buy it, nor credit to borrow it. Those who have either, will seldom be in want either of the money, or of the wine which they have occasion for. This complaint, however, of the fearcity of money, is not always confined to improvident spendthrifts. It is sometimes general through a whole mercantile town, and the country in its neighbourhood. Overtrading is the common cause of it. Sober men, whose projects have been disproportioned to their capitals, are as likely to have neither wherewithal to buy money, nor credit to borrow it, as prodigals whose expence has been disproportioned to their revenue. Before their projects can be brought to bear, their flock is gone, and their credit with it. They run about everywhere to borrow money, and every body tells them that they have none to lend. Even fuch general complaints of the fearcity of money do not always prove that the usual number of gold and filver pieces are not circulating in the country, but that many people want those pieces who have nothing to give for them. When the profits of trade happen to be greater than ordinary, over-trading becomes a general error both among great and finall dealers. They do not always fend more money abroad than ufual, but they buy upon credit both at home and abroad, an unufual quantity of goods, which they fend to fome distant market, in hopes that the returns will come in before the demand for payment. The demand comes before the returns, and they have nothing at hand, with which they can either purchase

purchase money, or give solid security for bor- C HAP. rowing. It is not any scarcity of gold and silver, but the difficulty which such people find in borrowing, and which their creditors find in getting payment, that occasions the general complaint of the fcarcity of money.

It would be too ridiculous to go about feriously to prove, that wealth does not consist in money, or in gold and filver; but in what money purchases, and is valuable only for purchasing. Money, no doubt, makes always a part of the national capital; but it has already been shown that it generally makes but a small part, and always the most unprofitable part of it.

It is not because wealth confists more effentially in money than in goods, that the merchant finds it generally more eafy to buy goods with money, than to buy money with goods; but because money is the known and established instrument of commerce, for which every thing is readily given in exchange, but which is not always with equal readiness to be got in exchange for every thing. The greater part of goods besides are more perishable than money, and he may frequently sustain a much greater loss by keeping them. When his goods are upon hand too, he is more liable to such demands for money as he may not be able to answer, than when he has got their price in his coffers. Over and has got their price in his coffers. Over and above all this, his profit arifes more directly from felling than from buying, and he is upon all these accounts generally much more anxious to exchange his goods for money, than his

money

BOOK money for goods. But though a particular merchant, with abundance of goods in his warehouse, may fometimes be ruined by not being able to fell them in time, a nation or country is not liable to the same accident. The whole capital of a merchant frequently confifts in perishable goods destined for purchasing money. But it is but a very small part of the annual produce of the land and labour of a country which can ever be deftined for purchasing gold and silver from their neighbours. The far greater part is circulated and confumed among themselves; and even of the furplus which is fent abroad, the greater part is generally destined for the purchase of other foreign goods. Though gold and filver, therefore, could not be had in exchange for the goods destined to purchase them, the nation would not be ruined. It might, indeed, fuffer fome lofs and inconveniency, and be forced upon fome of those expedients which are necessary for fupplying the place of money. The annual produce of its land and labour, however, would be the same, or very nearly the same, as usual, because the same, or very nearly the same confumable capital would be employed in maintaining it. And though goods do not always draw money fo readily as money draws goods, in the long-run they draw it more necessarily than even it draws them. Goods can ferve many other purposes besides purchasing money, but money can ferve no other purpose besides purchasing goods. Money, therefore, necessarily runs after goods, but goods do not always or necessarily run after money.

money. The man who buys, does not always C HAP. mean to fell again, but frequently to use or to consume; whereas he who fells, always means to buy again. The one may frequently have done the whole, but the other can never have done more than the one-half of his business. It is not for its own fake that men defire money, but for the sake of what they can purchase with it.

Confumable commodities, it is faid, are foon destroyed; whereas gold and filver are of a more durable nature, and, were it not for this continual exportation, might be accumulated for ages together, to the incredible augmentation of the real wealth of the country. Nothing, therefore, it is pretended, can be more difadvantageous to any country, than the trade which confifts in the exchange of fuch lafting for fuch perishable commodities. We do not, however, reckon that trade disadvantageous which confifts in the exchange of the hard-ware of England for the wines of France; and yet hard-ware is a very durable commodity, and were it not for this continual exportation, might too be accumulated for ages together, to the incredible augmentation of the pots and pans of the country. But it readily occurs that the number of fuch utenfils is in every country necessarily limited by the use which there is for them; that it would be abfurd to have more pots and pans than were necessary for cooking the victuals usually confumed there; and that if the quantity of victuals were to increafe, the number of pots and pans would readily increase along with it, a part of the increafed

BOOK creafed quantity of victuals being employed in purchasing them, or in maintaining an additional number of workmen whose business it was to make them. It should as readily occur that the quantity of gold and filver is in every country limited by the use which there is for those metals; that their use confists in circulating commodities as coin, and in affording a species of houshold furniture as plate; that the quantity of coin in every country is regulated by the value of the commodities which are to be circulated by it: increase that value, and immediately a part of it will be fent abroad to purchase, wherever it is to be had, the additional quantity of coin requifite for circulating them: that the quantity of plate is regulated by the number and wealth of those private families who chuse to indulge themselves in that fort of magnificence: increase the number and wealth of fuch families, and a part of this increafed wealth will most probably be employed in purchasing, wherever it is to be found, an additional quantity of plate: that to attempt to increase the wealth of any country, either by introducing or by detaining in it an unnecessary quantity of gold and filver, is as abfurd as it would be to attempt to increase the good cheer of private families, by obliging them to keep an unnecessary number of kitchen utenfils. As the expence of purchasing those unnecessary utenfils would diminish instead of increasing either the quantity or goodness of the family provisions; fo the expence of purchasing an unnecessary quantity of gold and filver must, in every country, as neces

necessarily diminish the wealth which feeds, CHAP. clothes, and lodges, which maintains and employs the people. Gold and filver, whether in the shape of coin or of plate, are utenfils, it must be remembered, as much as the furniture of the kitchen. Increase the use for them, increase the confumable commodities which are to be circulated, managed, and prepared by means of them, and you will infallibly increase the quantity; but if you attempt, by extraordinary means, to increase the quantity, you will as infallibly diminish the use and even the quantity too, which in those metals can never be greater than what the use requires. Were they ever to be accumulated beyond this quantity, their transportation is fo eafy, and the lofs which attends their lying idle and unemployed fo great, that no law could prevent their being immediately fent out of the country.

It is not always necessary to accumulate gold and filver, in order to enable a country to carry on foreign wars, and to maintain fleets and armies in distant countries. Fleets and armies are maintained, not with gold and filver, but with confumable goods. The nation which, from the annual produce of its domestic industry, from the annual revenue arising out of its lands, labour, and confumable stock, has wherewithal to purchase those confumable goods in distant countries, can maintain foreign wars there.

A nation may purchase the pay and provisions of an army in a distant country three different ways; by sending abroad either, first, some part

BOOK of its accumulated gold and filver; or fecondly, fome part of the annual produce of its manufactures; or last of all, some part of its annual rude produce.

The gold and filver which can properly be confidered as accumulated or flored up in any country, may be diffinguished into three parts; first, the circulating money; secondly, the plate of private families; and last of all, the money which may have been collected by many years parfimony, and laid up in the treasury of the

prince.

It can feldom happen that much can be fpared from the circulating money of the country; because in that there can seldom be much redundancy. The value of goods annually bought and fold in any country requires a certain quantity of money to circulate and distribute them to their proper confumers, and can give employ-ment to no more. The channel of circulation necessarily draws to itself a fum sufficient to fill it, and never admits any more. Something, however, is generally withdrawn from this channel in the case of foreign war. By the great number of people who are maintained abroad, fewer are maintained at home. Fewer goods are circulated there, and less money becomes necesfary to circulate them. An extraordinary quantity of paper money, of fome fort or other too, fuch as exchequer notes, navy bills, and bank bills in England, is generally iffued upon fuch occasions, and by supplying the place of circulating gold and filver, gives an opportunity of fending a greater quantity of it abroad. All

this, however, could afford but a poor refource C HAP. for maintaining a foreign war, of great expence

and feveral years duration.

The melting down the plate of private families, has upon every occasion been found a still more infignificant one. The French, in the beginning of the last war, did not derive so much advantage from this expedient as to compensate the loss of the fashion.

The accumulated treasures of the prince have, in former times, afforded a much greater and more lasting resource. In the present times, if you except the King of Prussia, to accumulate treasure seems to be no part of the policy of

European princes.

The funds which maintained the foreign wars of the prefent century, the most expensive perhaps which hiftory records, feem to have had little dependency upon the exportation either of the circulating money, or of the plate of private families, or of the treasure of the prince. The last French war cost Great Britain upwards of ninety millions, including not only the feventyfive millions of new debt that was contracted, but the additional two shillings in the pound land tax, and what was annually borrowed of the finking fund. More than two-thirds of this expence were laid out in diftant countries; in Germany, Portugal, America, in the ports of the Mediterranean, in the East and West Indies. The Kings of England had no accumulated treafure. We never heard of any extraordinary quantity of plate being melted down. The circulating

BOOK culating gold and filver of the country had not been supposed to exceed eighteen millions. Since the late recoinage of the gold, however, it is believed to have been a good deal under-rated. Let us suppose, therefore, according to the most exaggerated computation which I remember to have either feen or heard of, that, gold and filver together, it amounted to thirty millions. Had the war been carried on, by means of our money, the whole of it must, even according to this computation, have been fent out and returned again at least twice, in a period of between fix and feven years. Should this be supposed, it would afford the most decisive argument to demonstrate how necessary it is for government to watch over the prefervation of money, fince upon this fupposition the whole money of the country must have gone from it and returned to it again, two different times in fo fhort a period, without any body's knowing any thing of the matter. The channel of circulation, however, never appeared more empty than usual during any part of this period. Few people wanted money who had wherewithal to pay for it. The profits of foreign trade, indeed, were greater than usual during the whole war; but especially towards the end of it. This occasioned, what it always occasions, a general over-trading in all the parts of Great Britain; and this again occasioned the usual complaint of the fcarcity of money, which always follows over-trading. Many people wanted it, who had neither wherewithal to buy it, nor credit to borrow it; and because the debtors found it difficult to borrow, the creditors found CHAP. it difficult to get payment. Gold and filver, however, were generally to be had for their value, by those who had that value to give for

The enormous expence of the late war, therefore, must have been chiefly defrayed, not by the exportation of gold and filver, but by that of British commodities of some kind or other. When the government, or those who acted under them, contracted with a merchant for a remittance to fome foreign country, he would naturally endeavour to pay his foreign correspondent, upon whom he had granted a bill, by fending abroad rather commodities than gold and filver. If the commodities of Great Britain were not in demand in that country, he would endeavour to fend them to some other country, in which he could purchase a bill upon that country. The transportation of commodities, when properly fuited to the market, is always attended with a confiderable profit; whereas that of gold and filver is fcarce ever attended with any. When those metals are fent abroad in order to purchase foreign commodities, the merchant's profit arises, not from the purchase, but from the sale of the returns. But when they are fent abroad merely to pay a debt, he gets no returns, and confequently no profit. He naturally, therefore, exerts his invention to find out a way of paying his foreign debts, rather by the exportation of commodities than by that of gold and filver. The great quantity of British goods exported during VOL. II. M

BOOK during the course of the late war, without bringing back any returns, is accordingly remarked by the author of "The present State of the Nation?"

Befides the three forts of gold and filver above mentioned, there is in all great commercial countries a good deal of bullion alternately imported and exported for the purposes of foreign trade. This bullion, as it circulates among different commercial countries in the same manner as the national coin circulates in every particular country, may be confidered as the money of the great mercantile republic. The national coin receives its movement and direction from the commodities circulated within the precincts of each particular country: the money of the mercantile republic, from those circulated between different countries. Both are employed in facilitating exchanges, the one between different individuals of the same, the other between those of different nations. Part of this money of the great mercantile republic may have been, and probably was, employed in carrying on the late war. In time of a general war, it is natural to suppose that a movement and direction should be impressed upon it, different from what it ufually follows in profound peace; that it should circulate more about the feat of war, and be more employed in purchasing there, and in the neighbouring countries, the pay and provisions of the different armies. But whatever part of this money of the mercantile republic, Great Britain may have annually employed in this

manner, it must have been annually purchased, C HAP. either with British commodities, or with something else that had been purchased with them; which still brings us back to commodities, to the annual produce of the land and labour of the country, as the ultimate refources which enabled us to carry on the war. It is natural indeed to fuppose, that so great an annual expence must have been defrayed from a great annual produce. The expence of 1761, for example, amounted to more than nineteen millions. No accumulation could have supported fo great an annual profufion. There is no annual produce even of gold and filver which could have supported it. The whole gold and filver annually imported into both Spain and Portugal, according to the best accounts, does not commonly much exceed fix millions fterling, which, in fome years, would fcarce have paid four months expence of the late war.

The commodities most proper for being transported to distant countries, in order to purchase there, either the pay and provisions of an army, or some part of the money of the mercantile republic to be employed in purchasing them, seem to be the finer and more improved manufactures; such as contain a great value in a small bulk, and can, therefore, be exported to a great distance at little expence. A country whose industry produces a great annual surplus of such manufactures, which are usually exported to foreign countries, may carry on for many years a very expensive foreign war, without either

exporting

воок exporting any confiderable quantity of gold and filver, or even having any fuch quantity to export. A confiderable part of the annual furplus of its manufactures must, indeed, in this case be exported, without bringing back any returns to the country, though it does to the merchant; the government purchasing of the merchant his bills upon foreign countries, in order to purchase there the pay and provisions of an army. Some part of this surplus, however, may still continue to bring back a return. The manufacturers, during the war, will have a double demand upon them, and be called upon, first, to work up goods to be fent abroad, for paying the bills drawn upon foreign countries for the pay and provisions of the army; and, secondly, to work up such as are necessary for purchasing the common returns that had usually been confumed in the country. In the midst of the most destructive foreign war, therefore, the greater part of manufactures may frequently flourish greatly; and, on the contrary, they may decline on the return of the peace. They may flourish amidst the ruin of their country, and begin to decay upon the return of its prosperity. The different state of many different branches of the British manufactures during the late war, and for fome time after the peace, may ferve as an illuftration of what has been just now faid.

No foreign war of great expence or duration could conveniently be carried on by the export-ation of the rude produce of the foil. The expence of fending fuch a quantity of it to a

foreign

foreign country as might purchase the pay and C HAP. provisions of an army, would be too great. Few countries too produce much more rude produce than what is fufficient for the fubfiftence of their own inhabitants. To fend abroad any great quantity of it, therefore, would be to fend abroad a part of the necessary subsistence of the people. It is otherwise with the exportation of manufactures. The maintenance of the people employed in them is kept at home, and only the furplus part of their work is exported. Mr. Hume frequently takes notice of the inability of the ancient kings of England to carry on, with-out interruption, any foreign war of long duration. The English, in those days, had nothing wherewithal to purchase the pay and provisions of their armies in foreign countries, but either the rude produce of the foil, of which no confiderable part could be fpared from the home confumption, or a few manufactures of the coarfest kind, of which, as well as of the rude produce, the transportation was too expensive. This inability did not arise from the want of money, but of the finer and more improved manufactures. Buying and felling was transacted by means of money in England then, as well as now. The quantity of circulating money must have borne the fame proportion to the number and value of purchases and sales usually transacted at that time, which it does to those transacted at present; or rather it must have borne a greater proportion because there was then no paper, which now occupies a great part of the employment of gold and M 3

BOOK and filver. Among nations to whom commerce and manufactures are little known, the fovereign, upon extraordinary occasions, can seldom draw any confiderable aid from his fubjects, for reasons which shall be explained hereafter. It is in such countries, therefore, that he generally endeavours to accumulate a treasure, as the only resource against such emergencies. Independent of this necessity, he is in such a situation naturally difposed to the parsimony requisite for accumulation. In that fimple state, the expence even of a fovereign is not directed by the vanity which delights in the gaudy finery of a court, but is employed in bounty to his tenants, and hospitality to his retainers. But bounty and hospitality very feldom lead to extravagance; though vanity almost always does. Every Tartar chief, accordingly, has a treasure. The treasures of Mazepa, chief of the Coffacs in the Ukraine, the famous ally of Charles the XIIth, are faid to have been very great. The French kings of the Merovingian race had all treasures. When they divided their kingdom among their different children, they divided their treasure too. The Saxon princes, and the first kings after the conquest, feem likewise to have accumulated treafures. The first exploit of every new reign was commonly to feize the treasure of the preceding king, as the most effential measure for securing the succession. The sovereigns of improved and commercial countries are not under the same necessity of accumulating treasures, because they can generally draw from their subjects extraordinary aids upon extraordinary occasions. They are likewise less disposed to do so. They naturally, perhaps necessarily, follow the mode of the times, and their expence comes to be regulated by the same extravagant vanity which directs that of all the other great proprietors in their dominions. The insignificant pageantry of their court becomes every day more brilliant, and the expence of it not only prevents accumulation, but frequently encroaches upon the funds destined for more necessary expences. What Dercyllidas said of the court of Persia, may be applied to that of several European princes, that he saw there much splendor but little strength, and many servants but sew soldiers.

The importation of gold and filver is not the principal, much less the fole benefit which a nation derives from its foreign trade. Between whatever places foreign trade is carried on, they all of them derive two distinct benefits from it. It carries out that furplus part of the produce of their land and labour for which there is no demand among them, and brings back in return for it fomething elfe for which there is a demand. It gives a value to their fuperfluities, by exchanging them for fomething elfe, which may fatisfy a part of their wants, and increase their enjoyments. By means of it, the narrowness of the home market does not hinder the division of labour in any particular branch of art or manufacture from being carried to the highest perfection. By opening a more extensive market for whatever part of the produce of their labour

BOOK may exceed the home confumption, it encourages them to improve its productive powers, and to augment its annual produce to the utmost, and thereby to increase the real revenue and wealth of the fociety. These great and important services foreign trade is continually occupied in performing, to all the different countries between which it is carried on. They all derive great benefit from it, though that in which the merchant refides generally derives the greatest, as he is generally more employed in fupplying the wants, and carrying out the superfluities of his own, than of any other particular country. To import the gold and filver which may be wanted, into the countries which have no mines, is, no doubt, a part of the business of foreign commerce. is, however, a most infignificant part of it. country which carried on foreign trade merely upon this account, could fcarce have occasion to freight a ship in a century.

It is not by the importation of gold and filver, that the discovery of America has enriched Europe. By the abundance of the American mines, those metals have become cheaper. A fervice of plate can now be purchased for about a third part of the corn, or a third part of the labour, which it would have cost in the fifteenth century. With the fame annual expence of labour and commodities, Europe can annually purchase about three times the quantity of plate which it could have purchased at that time. But when a commodity comes to be fold for a third part of what had been its usual price, not

only

only those who purchase it before can purchase C H A P. three times their former quantity, but it is brought down to the level of a much greater number of purchasers, perhaps to more than ten, perhaps to more than twenty times the former number. So that there may be in Europe at prefent not only more than three times, but more than twenty or thirty times the quantity of plate which would have been in it, even in its present state of improvement, had the discovery of the American mines never been made. So far Europe has, no doubt, gained a real conveniency, though furely a very trifling one. The cheapness of gold and filver render those metals rather less fit for the purposes of money than they were before. In order to make the same purchases, we must load ourselves with a greater quantity of them, and carry about a shilling in our pocket where a groat would have done before. It is difficult to fay which is most trifling, this inconveniency, or the opposite conveniency. Neither the one nor the other could have made any very effential change in the state of Europe. The discovery of America, however, certainly made a most effential one. By opening a new and inexhaustible market to all the commodities of Europe, it gave occasion to new divisions of labour and improvements of art, which, in the narrow circle of the ancient commerce, could never have taken place for want of a market to take off the greater part of their produce. The productive powers of labour were improved, and its produce increased in all the different counrevenue and wealth of the inhabitants. The commodities of Europe were almost all new to America, and many of those of America were new to Europe. A new set of exchanges, therefore, began to take place which had never been thought of before, and which should naturally have proved as advantageous to the new, as it certainly did to the old continent. The savage injustice of the Europeans rendered an event, which ought to have been beneficial to all, ruinous and destructive to several of those unfortunate countries.

The discovery of a passage to the East Indies, by the Cape of Good Hope, which happened much about the fame time, opened, perhaps, a still more extensive range to foreign commerce than even that of America, notwithstanding the greater distance. There were but two nations in America, in any respect superior to savages, and these were destroyed almost as soon as discovered. The rest were mere favages. But the empires of China, Indostan, Japan, as well as feveral others in the East Indies, without having richer mines of gold or filver, were in every other respect much richer, better cultivated, and more advanced in all arts and manufactures than either Mexico or Peru, even though we should credit, what plainly deferves no credit, the exaggerated accounts of the Spanish writers, concerning the ancient state of those empires. But rich and civilized nations can always exchange to a much greater value with one another, than with

with favages and barbarians. Europe, however, CHAP. has hitherto derived much less advantage from its commerce with the East Indies, than from that with America. The Portuguese monopolized the East India trade to themselves for about a century, and it was only indirectly and through them, that the other nations of Europe could either fend out or receive any goods from that country. When the Dutch, in the beginning of the last century, began to encroach upon them, they vested their whole East India commerce in an exclusive company. The English, French, Swedes, and Danes, have all followed their example, fo that no great nation in Europe has ever yet had the benefit of a free commerce to the East Indies. No other reason need be afligned why it has never been fo advantageous as the trade to America, which, between almost every nation of Europe and its own colonies, is free to all its subjects. The exclusive privileges of those East India companies, their great riches, the great favour and protection which these have procured them from their respective governments, have excited much envy against them. This envy has frequently reprefented their trade as altogether pernicious, on account of the great quantities of filver, which it every year exports from the countries from which it is carried on. The parties concerned have replied, that their trade, by this continual exportation of filver, might, indeed, tend to impoverish Europe in general, but not the particular country from which it was carried on; because, by the exportation

BOOK ation a part of the returns to other European countries, it annually brought home a much greater quantity of that metal than it carried out. Both the objection and the reply are founded in the popular notion which I have been just now examining. It is, therefore, unnecessary to fay any thing further about either. By the annual exportation of filver to the East Indies, plate is probably fomewhat dearer in Europe than it otherwise might have been; and coined filver probably purchases a larger quantity both of labour and commodities. The former of these two effects is a very fmall lofs, the latter a very · fmall advantage; both too infignificant to deferve any part of the public attention. The trade to the East Indies, by opening a market to the commodities of Europe, or, what comes nearly to the fame thing, to the gold and filver which is purchased with those commodities, must necessarily tend to increase the annual production of European commodities, and confequently the real wealth and revenue of Europe. That it has hitherto increased them so little, is probably owing to the reftraints which it every-where labours under.

I thought it necessary, though at the hazard of being tedious, to examine at full length this popular notion that wealth consists in money, or in gold and silver. Money in common language, as I have already observed, frequently signifies wealth; and this ambiguity of expression has rendered this popular notion so familiar to us, that even they, who are convinced of its ab-

furdity,

furdity, are very apt to forget their own princi- C HAP. ples, and in the course of their reasonings to take it for granted as a certain and undeniable truth. Some of the best English writers upon commerce fet out with observing, that the wealth of a country confifts, not in its gold and filver only, but in its lands, houses, and confumable goods of all different kinds. In the course of their reasonings, however, the lands, houses, and confumable goods feem to flip out of their memory, and the strain of their argument frequently supposes that all wealth confifts in gold and filver, and that to multiply those metals is the great object of national industry and commerce.

The two principles being established, however, that wealth confifted in gold and filver, and that those metals could be brought into a country which had no mines only by the balance of trade, or by exporting to a greater value than it imported, it necessarily became the great object of political occonomy to diminish as much as possible the importation of foreign goods for home confumption, and to increase as much as possible the exportation of the produce of domestic industry. Its two great engines for enriching the country, therefore, were reftraints upon importation, and encouragements to exportation.

The reftraints upon importation were of two kinds.

First, Restraints upon the importation of fuch foreign goods for home confumption as could 3

BOOK could be produced at home, from whatever iv. country they were imported.

Secondly, Restraints upon the importation of goods of almost all kinds from those particular countries with which the balance of trade was supposed to be disadvantageous.

Those different restraints consisted sometimes in high duties, and sometimes in absolute pro-

hibitions.

Exportation was encouraged fometimes by drawbacks, fometimes by bounties, fometimes by advantageous treaties of commerce with foreign flates, and fometimes by the eftablishment of colonies in distant countries.

Drawbacks were given upon two different occasions. When the home-manufactures were subject to any duty or excise, either the whole or a part of it was frequently drawn back upon their exportation; and when foreign goods liable to a duty were imported in order to be exported again, either the whole or a part of this duty was sometimes given back upon such exportation.

Bounties were given for the encouragement either of some beginning manufactures, or of such sorts of industry of other kinds as were supposed to deserve particular favour.

By advantageous treaties of commerce, particular privileges were procured in some foreign state for the goods and merchants of the country, beyond what were granted to those of other countries.

By the eftablishment of colonies in distant countries, not only particular privileges, but a monopoly monopoly was frequently procured for the goods c HAP. and merchants of the country which established them.

The two forts of reftraints upon importation above-mentioned, together with these four encouragements to exportation, conflitute the fix principal means by which the commercial fystem proposes to increase the quantity of gold and filver in any country by turning the balance of trade in its favour. I shall consider each of them in a particular chapter, and without taking much further notice of their supposed tendency to bring money into the country, I shall examine chiefly what are likely to be the effects of each of them upon the annual produce of its industry. According as they tend either to increase or diminish the value of this annual produce, they must evidently tend either to increase or diminish the real wealth and revenue of the country.

BOOK IV.

CHAP. II.

Of Restraints upon the Importation from foreign Countries of such Goods as can be produced at Home.

BY restraining, either by high duties, or by absolute prohibitions, the importation of fuch goods from foreign countries as can be produced at home, the monopoly of the homemarket is more or less secured to the domestic industry employed in producing them. Thus the prohibition of importing either live cattle or falt provisions from foreign countries secures to the graziers of Great Britain the monopoly of the home-market for butcher's-meat. The high duties upon the importation of corn, which in times of moderate plenty amount to a prohibition, give a like advantage to the growers of that commodity. The prohibition of the importation of foreign woollens is equally favourable the woollen manufactures. The filk manufacture, though altogether employed upon foreign materials, has lately obtained the same advantage. The linen manufacture has not yet obtained it, but is making great strides towards it. Many other forts of manufactures have, in the same manner, obtained in Great Britain, either altogether, or very nearly a monopoly against their countrymen. The variety of goods of which the importation into Great Britain is prohibited, either

either abfolutely, or under certain circumstances, C HAP. greatly exceeds what can easily be suspected by those who are not well acquainted with the laws of the customs.

That this monopoly of the home-market frequently gives great encouragement to that particular species of industry which enjoys it, and frequently turns towards that employment a greater share of both the labour and stock of the society than would otherwise have gone to it, cannot be doubted. But whether it tends either to increase the general industry of the society, or to give it the most advantageous direction, is not, perhaps, altogether so evident.

The general industry of the fociety never can exceed what the capital of the fociety can employ. As the number of workmen that can be kept in employment by any particular person must bear a certain proportion to his capital, fo the number of those that can be continually employed by all the members of a great fociety, must bear a certain proportion to the whole capital of that fociety, and never can exceed that proportion. No regulation of commerce can increase the quantity of industry in any fociety beyond what its capital can maintain. It can only divert a part of it into a direction into which it might not otherwife have gone; and it is by no means certain that this artificial direction is likely to be more advantageous to the fociety than that into which it would have gone of its own accord.

Every individual is continually exerting himfelf to find out the most advantageous employvol. II. N ment

BOOK ment for whatever capital he can command. It is his own advantage, indeed, and not that of the fociety, which he has in view. But the fludy of his own advantage naturally, or rather neceffarily leads him to prefer that employment which is most advantageous to the society.

First, every individual endeavours to employ his capital as near home as he can, and confequently as much as he can in the support of domestic industry; provided always that he can thereby obtain the ordinary, or not a great deal less than the ordinary profits of stock.

Thus, upon equal or nearly equal profits, every wholesale merchant naturally prefers the home-trade to the foreign trade of confumption, and the foreign trade of confumption to the carrying trade. In the home-trade his capital is never folong out of his fight as it frequently is in the foreign trade of confumption. He can know better the character and fituation of the perfons whom he trufts, and if he should happen to be deceived, he knows better the laws of the country from which he must feek redrefs. In the carrying trade, the capital of the merchant is, as it were, divided between two foreign countries, and no part of it is ever neceffarily brought home, or placed under his own immediate view and command. The capital which an Amsterdam merchant employs in carrying corn from Konnigsberg to Lisbon, and fruit and wine from Lifbon to Konnigfberg, muft generally be the one-half of it at Konnigsberg and the other half at Lifbon. No part of it need ever

come

come to Amsterdam. The natural residence of C HAP. fuch a merchant should either be at Konnigsberg or Lisbon, and it can only be some very particular circumstances which can make him prefer the refidence of Amsterdam. The uneafiness, however, which he feels at being feparated fo far from his capital, generally determines him to bring part both of the Konnigsberg goods which he deftines for the market of Lifbon, and of the Lifbon goods which he deftines for that of Konnigfberg, to Amsterdam: and though this neceffarily subjects him to a double charge of loading and unloading, as well as to the payment of fome duties and cuftoms, yet for the fake of having fome part of his capital always under his own view and command, he willingly fubmits to this extraordinary charge; and it is in this manner that every country which has any confiderable fhare of the carrying trade, becomes always the emporium, or general market, for the goods of all the different countries whose trade it carries The merchant, in order to fave a fecond loading and unloading, endeavours always to fell in the home-market as much of the goods of all those different countries as he can, and thus, fo far as he can, to convert his carrying trade into a foreign trade of confumption. A merchant, in the fame manner, who is engaged in the foreign trade of confumption, when he collects goods for foreign markets, will always be glad, upon equal or nearly equal profits, to fell as great a part of them at home as he can. He faves himself the risk and trouble of exportation,

BOOK when, fo far as he can, he thus converts his foreign trade of confumption into a home-trade. Home is in this manner the center, if I may fay fo, round which the capitals of the inhabitants of every country are continually circulating, and towards which they are always tending, though by particular causes they may sometimes be driven off and repelled from it towards more distant employments. But a capital employed in the home-trade, it has already been shown, necessarily puts into motion a greater quantity of domestic industry, and gives revenue and employment to a greater number of the inhabitants of the country, than an equal capital employed in the foreign trade of confumption: and one employed in the foreign trade of confumption has the fame advantage over an equal capital employed in the carrying trade. Upon equal, or only nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry, and to give revenue and employment to the greatest number of people of his own country.

Secondly, every individual who employs his capital in the support of domestic industry, necessarily endeavours so to direct that industry, that its produce may be of the greatest possible value.

The produce of industry is what it adds to the subject or materials upon which it is employed. In proportion as the value of this produce is great or fmall, fo will likewife be the profits of the employer. But it is only for the fake of profit

that any man employs a capital in the support of c HAP. industry; and he will always, therefore, endeavour to employ it in the support of that industry of which the produce is likely to be of the greatest value, or to exchange for the greatest quantity either of money or of other goods.

But the annual revenue of every fociety is always precifely equal to the exchangeable value of the whole annual produce of its industry, or rather is precifely the fame thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the fociety as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it. By preferring the support of domestic to that of foreign industry, he intends only his own fecurity; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invifible hand to promote an end which was no part of his intention. Nor is it always the worse for the society that it was no part of it. By purfuing his own interest he frequently promotes that of the fociety more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public good. It is an affectation, N 3

BOOK affectation, indeed, not very common among merchants, and very few words need be employed in diffuading them from it.

What is the species of domestic industry which his capital can employ, and of which the produce is likely to be of the greatest value, every individual, it is evident, can, in his local situation, judge much better than any statesman or lawgiver can do for him. The statesman, who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatever, and which would no-where be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself sit to exercise it.

To give the monopoly of the home-market to the produce of domestic industry, in any particular art or manufacture, is in some measure to direct private people in what manner they ought to employ their capitals, and must, in almost all cases, be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family, never to attempt to make at home what it will coft him more to make than to buy. The taylor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to 4 .. make

make his own clothes, but employs a taylor. C HAP. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for.

What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have fome advantage. The general industry of the country, being always in proportion to the capital which employs it, will not thereby be diminished, no more than that of the above-mentioned artificers; but only left to find out the way in which it can be employed with the greatest advantage. It is certainly not employed to the greatest advantage, when it is thus directed towards an object which it can buy cheaper than it can make. The value of its annual produce is certainly more or less diminished, when it is thus turned away from producing commodities evidently of more value than the commodity which it is directed to produce. According to the fupposition, that commodity could be purchased from foreign countries cheaper than it can be made at home. It could, therefore, have been purchased with a part only

BOOK of the commodities, or, what is the fame thing, with a part only of the price of the commodities, which the industry employed by an equal capital would have produced at home, had it been left to follow its natural course. The industry of the country, therefore, is thus turned away from a more, to a lefs advantageous employment, and the exchangeable value of its annual produce, inftead of being increafed, according to the intention of the law-giver, must necessarily be diminished by every such regulation.

By means of fuch regulations, indeed, a particular manufacture may fometimes be acquired fooner than it could have been otherwise, and after a certain time may be made at home as cheap or cheaper than in the foreign country. But though the industry of the fociety may be thus carried with advantage into a particular channel fooner than it could have been otherwife, it will by no means follow that the fum total, either of its industry, or of its revenue, can ever be augmented by any fuch regulation. The industry of the fociety can augment only in proportion as its capital augments, and its capital can augment only in proportion to what can be gradually faved out of its revenue. But the immediate effect of every fuch regulation is to diminish its revenue, and what diminishes its revenue is certainly not very likely to augment its capital faster than it would have augmented of its own accord, had both capital and industry been left to find out their natural employments.

Though

Though for want of fuch regulations the C HAP. fociety should never acquire the proposed manufacture, it would not, upon that account, necessarily be the poorer in any one period of its duration. In every period of its duration its whole capital and industry might still have been employed, though upon different objects, in the manner that was most advantageous at the time. In every period its revenue might have been the greatest which its capital could afford, and both capital and revenue might have been augmented with the greatest possible rapidity.

The natural advantages which one country has over another in producing particular commodities are fometimes fo great, that it is acknowledged by all the world to be in vain to ftruggle with them. By means of glaffes, hotbeds, and hotwalls, very good grapes can be raifed in Scot-land, and very good wine too can be made of them at about thirty times the expence for which at least equally good can be brought from foreign countries. Would it be a reasonable law to prohibit the importation of all foreign wines, merely to encourage the making of claret and burgundy in Scotland? But if there would be a manifest abfurdity in turning towards any employment, thirty times more of the capital and industry of the country, than would be necessary to purchase from foreign countries an equal quantity of the commodities wanted, there must be an abfurdity, though not altogether fo glaring, yet exactly of the fame kind, in turning

towards

BOOK towards any fuch employment a thirtieth, or even a three hundredth part more of either. Whether the advantages which one country has over another, be natural or acquired, is in this respect of no consequence. As long as the one country has those advantages, and the other wants them, it will always be more advantageous for the latter, rather to buy of the former than to make. It is an acquired advantage only, which one artificer has over his neighbour, who exercises another trade; and yet they both find it more advantageous to buy of one another, than to make what does not belong to their particular trades.

Merchants and manufacturers are the people who derive the greatest advantage from this monopoly of the home-market. The prohibition of the importation of foreign cattle, and of falt provisions, together with the high duties upon foreign corn, which in times of moderate plenty amount to a prohibition, are not near so advantageous to the graziers and farmers of Great Britain, as other regulations of the same kind are to its merchants and manufacturers. Manufactures, those of the finer kind especially, are more eafily transported from one country to another than corn or cattle. It is in the fetching and carrying manufactures, accordingly, that foreign trade is chiefly employed. In manufactures, a very fmall advantage will enable foreigners to underfell our own workmen, even in the home-market. It will require a very great one to enable them to do fo in the rude produce

of the foil. If the free importation of foreign manufactures were permited, feveral of the home manufactures would probably fuffer, and fome of them, perhaps, go to ruin altogether, and a confiderable part of the flock and industry at prefent employed in them, would be forced to find out fome other employment. But the freeft importation of the rude produce of the foil could have no fuch effect upon the agriculture of the country.

If the importation of foreign cattle, for example, were made ever fo free, fo few could be imported, that the grazing trade of Great Britain could be little affected by it. Live cattle are, perhaps, the only commodity of which the transportation is more expensive by fea than by land. By land they carry themselves to market. By fea, not only the cattle, but their food and their water too, must be carried at no small expence and inconveniency. The short fea between Ireland and Great Britain, indeed, renders the importation of Irish cattle more easy. But though the free importation of them, which was lately permitted only for a limited time, were rendered perpetual, it could have no confiderable effect upon the interest of the graziers of Great Britain. Those parts of Great Britain which border upon the Irish sea are all grazing countries. Irish cattle could never be imported for their use, but must be drove through those very extensive countries, at no small expence and inconveniency, before they could arrive at their proper market. Fat cattle could not be drove

BOOK fo far. Lean cattle, therefore, only could be imported, and fuch importation could interfere, not with the interest of the feeding or fattening countries, to which, by reducing the price of lean cattle, it would rather be advantageous, but with that of the breeding countries only. The fmall number of Irish cattle imported fince their importation was permitted, together with the good price at which lean cattle still continue to fell, feem to demonstrate that even the breeding countries of Great Britain are never likely to be much affected by the free importation of Irish cattle. The common people of Ireland, indeed, are faid to have fometimes opposed with violence the exportation of their cattle. But if the exporters had found any great advantage in continuing the trade, they could eafily, when the law was on their fide, have conquered this mobbish opposition.

Feeding and fattening countries, besides, must always be highly improved, whereas breeding countries are generally uncultivated. The high price of lean cattle, by augmenting the value of uncultivated land, is like a bounty against improvement. To any country which was highly improved throughout, it would be more advantageous to import its lean cattle than to breed them. The province of Holland, accordingly, is said to follow this maxim at present. The mountains of Scotland, Wales and Northumberland, indeed, are countries not capable of much improvement, and seem destined by nature to be the breeding countries of Great Britain,

The

The freest importation of foreign cattle could C HAP. have no other effect than to hinder those breeding countries from taking advantage of the increasing population and improvement of the rest of the kingdom, from raising their price to an exorbitant height, and from laying a real tax upon all the more improved and cultivated parts of the country.

The freeft importation of falt provisions, in the fame manner, could have as little effect upon the interest of the graziers of Great Britain as that of live cattle. Salt provisions are not only a very bulky commodity, but when compared with fresh meat, they are a commodity both of worfe quality, and as they cost more labour and expence, of higher price. They could never, therefore, come into competition with the fresh meat, though they might with the falt provisions of the country. They might be used for victual-ling ships for distant voyages, and such like uses, but could never make any confiderable part of the food of the people. The fmall quantity of falt provisions imported from Ireland since their importation was rendered free, is an experimental proof that our graziers have nothing to apprehend from it. It does not appear that the price of butcher's-meat has ever been fenfibly affected by it.

Even the free importation of foreign corn could very little affect the interest of the farmers of Great Britain. Corn is a much more bulky commodity than butcher's-meat. A pound of wheat at a penny is as dear as a pound of but-

cher's

BOOK cher's-meat at fourpence. The fmall quantity of foreign corn imported even in times of the greatest scarcity, may fatisfy our farmers that they can have nothing to fear from the freest importation. The average quantity imported one year with another, amounts only, according to the very well informed author of the tracts upon the corn trade, to twenty-three thousand feven hundred and twenty-eight quarters of all forts of grain, and does not exceed the five hundredth and feventy-one part of the annual confumption. But as the bounty upon corn occafions a greater exportation in years of plenty, fo it must of consequence occasion a greater importation in years of fcarcity, than in the actual flate of tillage would otherwife take place. By means of it, the plenty of one year does not compensate the scarcity of another, and as the average quantity exported is necessarily augmented by it, so must likewise, in the actual flate of tillage, the average quantity imported. If there were no bounty, as less corn would be exported, fo it is probable that, one year with another, less would be imported than at prefent. The corn merchants, the fetchers and carriers of corn between Great Britain and foreign countries, would have much lefs employment, and might fuffer confiderably; but the country gentlemen and farmers could fuffer very little. It is in the corn merchants accordingly, rather than in the country gentlemen and farmers, that I have observed the greatest anxiety for the renewal and continuation of the bounty.

Country

Country gentlemen and farmers are, to their C HAP. great honour, of all people, the least subject to the wretched spirit of monopoly. The undertaker of a great manufactory is sometimes alarmed if another work of the same kind is established within twenty miles of him. The Dutch undertaker of the woollen manufacture at Abbeville ftipulated, that no work of the fame kind should be established within thirty leagues of that city. Farmers and country gentlemen, on the contrary, are generally disposed rather to promote than to obstruct the cultivation and improvement of their neighbours farms and estates. They have no fecrets, fuch as those of the greater part of manufacturers, but are generally rather fond of communicating to their neighbours, and of extending as far as possible any new practice which they have found to be advantageous. Pius Questus, fays old Cato, stabilissimusque, minimeque invidiosus; minimeque male cogitantes sunt, qui in eo studio occupati sunt. Country gentlemen and farmers, dispersed in different parts of the country, cannot fo eafily combine as merchants and manufacturers, who being collected into towns, and accustomed to that exclusive corporation spirit which prevails in them, naturally endeavour to obtain against all their countrymen, the same exclusive privilege which they generally possess against the inhabitants of their respective towns. They accordingly feem to have been the original inventors of those restraints upon the importation of foreign goods, which fecure to them the monopoly of the home-market.

IV.

BOOK was probably in imitation of them, and to put themselves upon a level with those who, they found, were disposed to oppress them, that the country gentlemen and farmers of Great Britain fo far forgot the generofity which is natural to their flation, as to demand the exclusive privilege of fupplying their countrymen with corn and butcher's-meat. They did not perhaps take time to confider, how much less their interest could be affected by the freedom of trade, than that of the people whose example they followed.

> To prohibit by a perpetual law the importation of foreign corn and cattle, is in reality to enact, that the population and industry of the country shall at no time exceed what the rude produce of its own foil can maintain.

> There feem, however, to be two cases in which it will generally be advantageous to lay fome burden upon foreign, for the encouragement of domestic industry.

The first is, when some particular fort of industry is necessary for the defence of the country. The defence of Great Britain, for example, depends very much upon the number of its failors and shipping. The act of navigation, therefore, very properly endeavours to give the failors and shipping of Great Britain the monopoly of the trade of their own country, in some cases, by absolute prohibitions, and in others by heavy burdens upon the fhipping of foreign countries. The following are the principal dispositions of this act.

First, all ships, of which the owners, masters, C HAP. and three-fourths of the mariners are not British subjects, are prohibited, upon pain of forfeiting ship and cargo, from trading to the British settlements and plantations, or from being employed in the coasting trade of Great Britain.

Secondly, a great variety of the most bulky articles of importation can be brought into Great Britain only, either in fuch fhips as are above described, or in ships of the country where those goods are produced, and of which the owners, mafters, and three-fourths of the mariners, are of that particular country; and when imported even in ships of this latter kind, they are subject to double aliens duty. If imported in ships of any other country, the penalty is forfeiture of fhip and goods. When this act was made, the Dutch were, what they still are, the great carriers of Europe, and by this regulation they were entirely excluded from being the carriers to Great Britain, or from importing to us the goods of any other European country.

Thirdly, a great variety of the most bulky articles of importation are prohibited from being imported, even in British ships, from any country but that in which they are produced; under pain of forfeiting ship and cargo. This regulation too was probably intended against the Dutch. Holland was then, as now, the great emporium for all European goods, and by this regulation, British ships were hindered from loading in Holland the goods of any other European country.

sous of any other Baropean country.

BOOK Fourthly, falt fish of all kinds, whale-fins, whale-bone, oil, and blubber, not caught by and cured on board British vessels, when imported into Great Britain, are fubjected to double aliens duty. The Dutch, as they are still the principal, were then the only fishers in Europe that attempted to supply foreign nations with fish. By this regulation, a very heavy burden was laid upon their fupplying Great Britain.

> When the act of navigation was made, though England and Holland were not actually at war, the most violent animosity subsisted between the two nations. It had begun during the government of the Long parliament, which first framed this act, and it broke out foon after in the Dutch wars during that of the Protector and of Charles the Second. It is not impossible, therefore, that fome of the regulations of this famous act may have proceeded from national animofity. They are as wife, however, as if they had all been dictated by the most deliberate wisdom. National animofity at that particular time aimed at the very fame object which the most deliberate wifdom would have recommended, the diminution of the naval power of Holland, the only naval power which could endanger the fecurity of England.

> The act of navigation is not favourable to foreign commerce, or to the growth of that opulence which can arife from it. The interest of a nation in its commercial relations to foreign nations is, like that of a merchant with regard to the different people with whom he deals, to buy

as cheap and to fell as dear as possible. But it CHAP. will be most likely to buy cheap, when by the most perfect freedom of trade it encourages all nations to bring to it the goods which it has occasion to purchase; and, for the same reason, it will be most likely to fell dear, when its markets are thus filled with the greatest number of buyers. The act of navigation, it is true, lays no burden upon foreign ships that come to export the produce of British industry. Even the ancient aliens duty, which used to be paid upon all goods exported as well as imported, has, by feveral fubfequent acts, been taken off from the greater part of the articles of exportation. But if foreigners, either by prohibitions or high duties, are hindered from coming to fell, they cannot always afford to come to buy; because coming without a cargo, they must lose the freight from their own country to Great Britain. By diminishing the number of fellers, therefore, we neceffarily diminish that of buyers, and are thus likely not only to buy foreign goods dearer, but to fell our own cheaper, than if there was a more perfect freedom of trade. As defence, however, is of much more importance than opulence, the act of navigation is, perhaps, the wifest of all the commercial regulations of England.

The fecond case, in which it will generally be advantageous to lay some burden upon foreign for the encouragement of domestic industry, is, when some tax is imposed at home upon the produce of the latter. In this case, it seems reason-

BOOK able that an equal tax should be imposed upon IV. the like produce of the former TV. the like produce of the former. This would not give the monopoly of the home market to domestic industry, nor turn towards a particular employment a greater share of the stock and labour of the country, than what would naturally go to it. It would only hinder any part of what would naturally go to it from being turned away by the tax, into a less natural direction, and would leave the competition between foreign and domestic industry, after the tax, as nearly as possible upon the same footing as before it. In Great Britain, when any fuch tax is laid upon the produce of domestic industry, it is usual at the same time, in order to stop the clamorous complaints of our merchants and manufacturers, that they will be underfold at home, to lay a much heavier duty upon the importation of all foreign goods of the fame kind.

This fecond limitation of the freedom of trade according to fome people should, upon fome occasions, be extended much farther than to the precise foreign commodities which could come into competition with those which had been taxed at home. When the necessaries of life have been taxed in any country, it becomes proper, they pretend, to tax not only the like necessaries of life imported from other countries, but all forts of foreign goods which can come into competition with any thing that is the produce of domestic industry. Subfishence, they fay, becomes necessarily dearer in consequence of fuch taxes; and the price of labour must c H A P. always rise with the price of the labourers' sub-sistence. Every commodity, therefore, which is the produce of domestic industry, though not immediately taxed itself, becomes dearer in consequence of such taxes, because the labour which produces it becomes so. Such taxes, therefore, are really equivalent, they say, to a tax upon every particular commodity produced at home. In order to put domestic upon the same footing with foreign industry, therefore, it becomes necessary, they think, to lay some duty upon every foreign commodity, equal to this enhancement of the price of the home commodities with which it can come into competition.

Whether taxes upon the necessaries of life, fuch as those in Great Britain upon soap, falt, leather, candles, &c. necessarily raise the price of labour, and consequently that of all other commodities, I shall consider hereafter, when I come to treat of taxes. Supposing, however, in the mean time, that they have this effect, and they have it undoubtedly, this general enhancement of the price of all commodities, in consequence of that of labour, is a case which differs in the two following respects from that of a particular commodity, of which the price was enhanced by a particular tax immediately imposed upon it.

First, it might always be known with great exactness how far the price of such a commodity could be enhanced by such a tax: but how far the general enhancement of the price of labour

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BOOK might affect that of every different commodity about which labour was employed, could never be known with any tolerable exactness. It would be impossible, therefore, to proportion with any tolerable exactness the tax upon every foreign, to this enhancement of the price of every home commodity.

> Secondly, taxes upon the necessaries of life have nearly the same effect upon the circumstances of the people as a poor foil and a bad climate. Provisions are thereby rendered dearer in the same manner as if it required extraordinary labour and expence to raife them. As in the natural fcarcity arifing from foil and climate, it would be abfurd to direct the people in what manner they ought to employ their capitals and industry, so is it likewise in the artificial scarcity arifing from fuch taxes. To be left to accommodate, as well as they could, their industry to their fituation, and to find out those employments in which, notwithftanding their unfavourable circumstances, they might have some advantage either in the home or in the foreign market, is what in both cases would evidently be most for their advantage. To lay a new tax upon them, because they are already overburdened with taxes, and because they already pay too dear for the necessaries of life, to make them likewife pay too dear for the greater part of other commodities, is certainly a most abfurd way of making amends.

Such taxes, when they have grown up to a certain height, are a curse equal to the barren-

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ness of the earth and the inclemency of the charman heavens; and yet it is in the richest and most industrious countries that they have been most generally imposed. No other countries could support so great a disorder. As the strongest bodies only can live and enjoy health, under an unwholesome regimen; so the nations only, that in every fort of industry have the greatest natural and acquired advantages, can subsist and prosper under such taxes. Holland is the country in Europe in which they abound most, and which from peculiar circumstances continues to prosper, not by means of them, as has been most absurdly supposed, but in spite of them.

As there are two cases in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry; so there are two others in which it may sometimes be a matter of deliberation; in the one, how far it is proper to continue the free importation of certain foreign goods; and in the other, how far, or in what manner, it may be proper to restore that free importation after it has been for some time interrupted.

The case in which it may sometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, is, when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country. Revenge in this case naturally dictates retaliation, and that we should impose the like duties and prohibitions upon the importation of some

BOOK or all of their manufactures into ours. Nations accordingly feldom fail to retaliate in this manner. The French have been particularly forward to favour their own manufactures by restraining the importation of such foreign goods as could come into competition with them. In this confifted a great part of the policy of Mr. Colbert, who, notwithstanding his great abilities, feems in this case to have been imposed upon by the fophistry of merchants and manufacturers, who are always demanding a monopoly against their countrymen. It is at present the opinion of the most intelligent men in France that his operations of this kind have not been beneficial to his country. That minister, by the tarif of 1667, imposed very high duties upon a great number of foreign manufactures, Upon his refusing to moderate them in favour of the Dutch, they in 1671 prohibited the importation of the wines, brandies, and manufactures of France. The war of 1672 feems to have been in part occasioned by this commercial difpute. The peace of Nimeguen put an end to it in 1678, by moderating some of those duties in favour of the Dutch, who in consequence took off their prohibition. It was about the same time that the French and English began mutually to oppress each other's industry, by the like duties and prohibitions, of which the French, however, feem to have fet the first example. The fpirit of hostility which has subsisted between the two nations ever fince, has hitherto hindered them from being moderated on either fide

fide. In 1697 the English prohibited the im- CHAP. portation of bonelace, the manufacture of Flanders. The government of that country, at that time under the dominion of Spain, prohibited in return the importation of English woollens. In 1700, the prohibition of importing bonelace into England, was taken off upon condition that the importation of English woollens into Flanders should be put on the same footing as before.

There may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The recovery of a great foreign market will generally more than compensate the transitory inconveniency of paying dearer during a short time for some forts of goods. To judge whether fuch retaliations are likely to produce fuch an effect, does not, perhaps, belong fo much to the science of a legislator, whose deliberations ought to be governed by general principles which are always the fame, as to the skill of that insidious and crafty animal, vulgarly called a flatefman or politician, whose councils are directed by the momentary fluctuations of affairs. When there is no probability that any fuch repeal can be procured, it feems a bad method of compensating the injury done to certain classes of our people, to do another injury ourselves, not only to those classes, but to almost all the other classes of them. When our neighbours prohibit fome manufacture of ours we generally prohibit, not only the fame, for that alone would feldom affect them confiderably,

BOOK but some other other manufacture of theirs. This may no doubt give encouragement to some particular class of workmen among ourselves, and by excluding some of their rivals, may enable them to raise their price in the homemarket. Those workmen, however, who suffered by our neighbours' prohibition will not be benefitted by ours. On the contrary, they and almost all the other classes of our citizens will thereby be obliged to pay dearer than before for certain goods. Every such law, therefore, imposes a real tax upon the whole country, not in favour of that particular class of workmen who were injured by our neighbours' prohibition, but of some other class.

The case in which it may sometimes be a matter of deliberation, how far, or in what manner, it is proper to reftore the free importation of foreign goods, after it has been for some time interrupted, is, when particular manufactures, by means of high duties or prohibitions upon all foreign goods which can come into competition with them, have been fo far extended as to employ a great multitude of hands. Humanity may in this case require that the freedom of trade should be restored only by slow gradations, and with a good deal of referve and circumfpection. Were those high duties and prohibitions taken away all at once, cheaper foreign goods of the fame kind might be poured fo fast into the home market, as to deprive all at once many thousands of our people of their ordinary employment and means of fubfiftence. The diforder

disorder which this would occasion might no C HAP. doubt be very considerable. It would in all probability, however, be much less than is commonly imagined, for the two following reasons:

First, all those manufactures, of which any part is commonly exported to other European countries without a bounty, could be very little affected by the freeft importation of foreign goods. Such manufactures must be fold as cheap abroad as any other foreign goods of the fame quality and kind, and confequently must be fold cheaper at home. They would ftill, therefore, keep possession of the home market, and though a capricious man of fashion might fometimes prefer foreign wares, merely because they were foreign, to cheaper and better goods of the same kind that were made at home, this folly could, from the nature of things, extend to fo few, that it could make no fensible impresfion upon the general employment of the people. But a great part of all the different branches of our woollen manufacture, of our tanned leather, and of our hard-ware, are annually exported to other European countries without any bounty, and these are the manufactures which employ the greatest number of hands. The filk, perhaps, is the manufacture which would fuffer the most by this freedom of trade, and after it the linen, though the latter much less than the former.

Secondly, though a great number of people should, by thus restoring the freedom of trade, be thrown all at once out of their ordinary employment and common method of subsistence,

BOOK it would by no means follow that they would thereby be deprived either of employment or fubfiftence. By the reduction of the army and navy at the end of the late war, more than a hundred thousand foldiers and seamen, a number equal to what is employed in the greatest manufactures, were all at once thrown out of their ordinary employment; but, though they no doubt fuffered fome inconveniency, they were not thereby deprived of all employment and fubfiftence. The greater part of the feamen, it is probable, gradually betook themselves to the merchantfervice as they could find occasion, and in the mean time both they and the foldiers were absorbed in the great mass of the people, and employed in a great variety of occupations. Not only no great convulsion, but no fensible diforder arose from so great a change in the situation of more than a hundred thousand men, all accustomed to the use of arms, and many of them to rapine and plunder. The number of vagrants was fcarce any-where fenfibly increafed by it, even the wages of labour were not reduced by it in any occupation, fo far as I have been able to learn, except in that of feamen in the merchantfervice. But if we compare together the habits of a foldier and of any fort of manufacturer, we shall find that those of the latter do not tend so much to difqualify him from being employed in a new trade, as those of the former from being employed in any. The manufacturer has always been accustomed to look for his subsistence from his labour only: the foldier to expect it from his

pay. Application and industry have been familiar C HAP. to the one; idleness and dissipation to the other. But it is furely much eafier to change the direction of industry from one fort of labour to another, than to turn idleness and dissipation to any. To the greater part of manufactures befides, it has already been observed, there are other collateral manufactures of fo fimilar a nature, that a workman can eafily transfer his industry from one of them to another. The greater part of fuch workmen too are occasionally employed in country labour. The flock which employed them in a particular manufacture before, will still remain in the country to employ an equal number of people in fome other way. The capital of the country remaining the fame, the demand for labour will likewise be the same. or very nearly the fame, though it may be exerted in different places and for different occupations. Soldiers and feamen, indeed, when discharged from the King's service, are at liberty to exercife any trade, within any town or place of Great Britain or Ireland. Let the fame natural liberty of exercifing what species of induftry they pleafe, be reftored to all His Majefty's fubjects, in the same manner as to foldiers and feamen; that is, break down the exclusive privileges of corporations, and repeal the statute of apprenticeship, both which are real encroachments upon natural liberty, and add to thefe the repeal of the law of fettlements, fo that a poor workman, when thrown out of employment either in one trade, or in one place, may feek for it in another

IV. fear either of a profecution or of a removal, and neither the public nor the individuals will fuffer much more from the occasional disbanding some particular classes of manufacturers, than from that of foldiers. Our manufacturers have no doubt great merit with their country, but they cannot have more than those who defend it with their blood, nor deserve to be treated with more delicacy.

To expect, indeed, that the freedom of trade should ever be entirely restored in Great Britain, is as abfurd as to expect that an Oceana or Utopia should ever be established in it. Not only the prejudices of the public, but what is much more unconquerable, the private interests of many individuals, irrefiftibly oppose it. Were the officers of the army to oppose with the same zeal and unanimity any reduction in the number of forces, with which mafter manufacturers fet themselves against every law that is likely to increase the number of their rivals in the home market; were the former to animate the foldiers, in the fame manner as the latter enflame their workmen, to attack with violence and outrage the propofers of any fuch regulation; to attempt to reduce the army would be as dangerous as it has now become to attempt to diminish in any respect the monopoly which our manufacturers have obtained against us. This monopoly has fo much increased the number of some particular tribes of them, that, like an over-grown flanding army, they have become formidable to the govern-

government, and upon many occasions inti- CHAP. midate the legislature. The member of parliament who supports every proposal for strengthening this monopoly, is fure to acquire not only the reputation of understanding trade, but great popularity and influence with an order of men whose numbers and wealth render them of great importance. If he opposes them, on the contrary, and still more if he has authority enough to be able to thwart them, neither the most acknowledged probity, nor the highest rank, nor the greatest public services, can protect him from the most infamous abuse and detraction, from perfonal infults, nor fometimes from real danger, arifing from the infolent outrage of furious and disappointed monopolists.

The undertaker of a great manufacture, who, by the home markets being fuddenly laid open to the competition of foreigners, should be obliged to abandon his trade, would no doubt fuffer very confiderably. That part of his capital which had usually been employed in purchasing materials and in paying his workmen, might, without much difficulty, perhaps, find another employment. But that part of it which was fixed in workhouses, and in the inftruments of trade, could fcarce be disposed of without confiderable lofs. The equitable regard, therefore, to his interest requires that changes of this kind fhould never be introduced fuddenly, but flowly, gradually, and after a very long warning. The legislature, were it possible that its deliberations could be always directed, not by the clamorous importunity

BOOK importunity of partial interests, but by an extensive view of the general good, ought upon this very account, perhaps, to be particularly careful neither to establish any new monopolies of this kind, nor to extend further those which are already established. Every such regulation introduces fome degree of real diforder into the constitution of the state, which it will be difficult afterwards to cure without occasioning another diforder.

> How far it may be proper to impose taxes upon the importation of foreign goods, in order, not to prevent their importation, but to raife a revenue for government, I shall consider hereafter when I come to treat of taxes. Taxes imposed with a view to prevent, or even to diminish importation, are evidently as destructive of the revenue of the cuftoms as of the freedom of trade.

CHAP. III.

Of the extraordinary Restraints upon the Importation of Goods of almost all Kinds, from those Countries with which the Balance is supposed to be disadvantageous.

PART I.

Of the Unreasonableness of those Restraints, even upon the Principles of the Commercial System.

TO lay extraordinary restraints upon the im- CHAP. portation of goods of almost all kinds, from those particular countries with which the balance of trade is supposed to be disadvantageous, is the fecond expedient by which the commercial fystem proposes to increase the quantity of gold and filver. Thus in Great Britain, Silefia lawns may be imported for home confumption, upon paying certain duties. But French cambrics and lawns are prohibited to be imported, except into the port of London, there to be warehoused for exportation. Higher duties are imposed upon the wines of France than upon those of Portugal, or indeed of any other country. By what is called the impost 1692, a duty of five and twenty per cent., of the rate or value, was laid upon all French goods; while the goods of other nations were, the greater part of them, fubjected to much lighter duties, feldom exceed-

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BOOK ing five per cent. The wine, brandy, falt and IV. vinegar of France were indeed excepted; thefe commodities being subjected to other heavy duties, either by other laws, or by particular clauses of the same law. In 1696, a second duty of twenty-five per cent., the first not having been thought a sufficient discouragement, was imposed upon all French goods, except brandy; toge-ther with a new duty of five and twenty pounds upon the ton of French wine, and another of fifteen pounds upon the ton of French vinegar. French goods have never been omitted in any of those general subsidies, or duties of five per cent., which have been imposed upon all, or the greater part of the goods enumerated in the book of rates. If we count the one third and two third fubfidies as making a complete fubfidy between them, there have been five of thefe general fubfidies; fo that before the commencement of the present war seventy-five per cent. may be confidered as the lowest duty, to which the greater part of the goods of the growth, produce, or manufacture of France were liable. But upon the greater part of goods, those duties are equivalent to a prohibition. The French in their turn have, I believe, treated our goods and manufactures just as hardly; though I am not so well acquainted with the particular hardships which they have imposed upon them. Those mutual restraints have put an end to almost all fair commerce between the two nations, and finugglers are now the principal importers, either of British goods into France, or of French goods

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into Great Britain. The principles which I have C HAP. been examining in the foregoing chapter took their origin from private interest and the spirit of monopoly; those which I am going to examine in this, from national prejudice and animosity. They are, accordingly, as might well be expected, still more unreasonable. They are so, even upon the principles of the commercial system.

First, though it were certain that in the case of a free trade between France and England, for example, the balance would be in favour of France, it would by no means follow that fuch a trade would be difadvantageous to England, or that the general balance of its whole trade would thereby be turned more against it. If the wines of France are better and cheaper than those of Portugal, or its linens than those of Germany, it would be more advantageous for Great Britain to purchase both the wine and the foreign linen which it had occasion for of France, than of Portugal and Germany. Though the value of the annual importations from France would thereby be greatly augmented, the value of the whole annual importations would be diminished, in proportion as the French goods of the fame quality were cheaper than those of the other two countries. This would be the case, even upon the fupposition that the whole French goods imported were to be confumed in Great Britain.

But, fecondly, a great part of them might be re-exported to other countries, where, being fold with profit, they might bring back a return equal BOOK in value, perhaps, to the prime cost of the whole French goods imported. What has frequently been faid of the East India trade might possibly be true of the French; that though the greater part of East India goods were bought with gold and filver, the re-exportation of a part of them to other countries, brought back more gold and filver to that which carried on the trade than the prime cost of the whole amounted to. One of the most important branches of the Dutch trade, at prefent, confifts in the carriage of French goods to other European countries. Some part even of the French wine drank in Great Britain is clandestinely imported from Holland and Zealand. If there was either a free trade between France and England, or if French goods could be imported upon paying only the fame duties as those of other European nations, to be drawn back upon exportation, England might have fome share of a trade which is found fo advantageous to Holland.

Thirdly, and lastly, there is no certain criterion by which we can determine on which side what is called the balance between any two countries lies, or which of them exports to the greatest value. National prejudice and animosity, prompted always by the private interest of particular traders, are the principles which generally direct our judgment upon all questions concerning it. There are two criterions, however, which have frequently been appealed to upon such occasions, the custom-house books and the course of exchange. The custom-house books,

I think, it is now generally acknowledged, are a C HAP. very uncertain criterion, on account of the inaccuracy of the valuation at which the greater part of goods are rated in them. The course of exchange is, perhaps, almost equally so.

When the exchange between two places, fuch as London and Paris, is at par, it is faid to be a fign that the debts due from London to Paris are compensated by those due from Paris to London. On the contrary, when a premium is paid at London for a bill upon Paris, it is faid to be a fign that the debts due from London to Paris are not compensated by those due from Paris to London, but that a balance in money must be fent out from the latter place; for the risk, trouble, and expence of exporting which, the premium is both demanded and given. But the ordinary state of debt and credit between those two cities must necessarily be regulated, it is said, by the ordinary course of their dealings with one another. When neither of them imports from the other to a greater amount than it exports to that other, the debts and credits of each may compensate one another. But when one of them imports from the other to a greater value than it exports to that other, the former neceffarily becomes indebted to the latter in a greater fum than the latter becomes indebted to it: the debts and credits of each do not compenfate one another, and money must be fent out from that place of which the debts over-balance the credits. The ordinary course of exchange, therefore, being an indication of the ordinary

BOOK state of debt and credit between two places, must likewise be an indication of the ordinary course of their exports and imports, as these necessarily regulate that state.

But though the ordinary course of exchange fhould be allowed to be a fufficient indication of the ordinary state of debt and credit between any two places, it would not from thence follow, that the balance of trade was in favour of that place which had the ordinary flate of debt and credit in its favour. The ordinary state of debt and credit between any two places is not always entirely regulated by the ordinary course of their dealings with one another; but is often influenced by that of the dealings of either with many other places. If it is usual, for example, for the merchants of England to pay for the goods which they buy of Hamburgh, Dantzic, Riga, &c. by bills upon Holland, the ordinary flate of debt and credit between England and Holland will not be regulated entirely by the ordinary courfe of the dealings of those two countries with one another, but will be influenced by that of the dealings of England with those other places. England may be obliged to fend out every year money to Holland, though its annual exports to that country may exceed very much the annual value of its imports from thence; and though what is called the balance of trade may be very much in favour of England.

In the way, befides, in which the par of exchange has hitherto been computed, the ordinary course of exchange can afford no sufficient indi-

cation

cation that the ordinary state of debt and credit c happened is in favour of that country which seems to have, or which is supposed to have, the ordinary course of exchange in its favour: or, in other words, the real exchange may be, and, in fact, often is so very different from the computed one, that from the course of the latter, no certain conclusion can, upon many occasions, be drawn concerning that of the former.

When for a fum of money paid in England, containing, according to the standard of the English mint, a certain number of ounces of pure silver, you receive a bill for a sum of money to be paid in France, containing, according to the standard of the French mint, an equal number of ounces of pure silver, exchange is said to be at par between England and France. When you pay more, you are supposed to give a premium, and exchange is said to be against England, and in savour of France. When you pay less, you are supposed to get a premium, and exchange is said to be against France, and in savour of England.

But, first, we cannot always judge of the value of the current money of different countries by the standard of their respective mints. In some it is more, in others it is less worn, clipt, and otherwise degenerated from that standard. But the value of the current coin of every country, compared with that of any other country, is in proportion, not to the quantity of pure silver which it ought to contain, but to that which it actually does contain. Before the reformation of

BOOK the filver coin in King William's time, exchange between England and Holland, computed, in the usual manner, according to the standard of their respective mints, was five and twenty per cent. against England. But the value of the current coin of England, as we learn from Mr. Lowndes, was at that time rather more than five and twenty per cent. below its ftandard value. The real exchange, therefore, may even at that time have been in favour of England, notwithflanding the computed exchange was fo much against it; a smaller number of ounces of pure filver, actually paid in England, may have purchased a bill for a greater number of ounces of pure filver to be paid in Holland, and the man who was supposed to give, may in reality have got the premium. The French coin was, before the late reformation of the English gold coin, much less worn than the English, and was, perhaps, two or three per cent. nearer its standard. If the computed exchange with France, therefore, was not more than two or three per cent. against England, the real exchange might have been in its favour. Since the reformation of the gold coin, the exchange has been constantly in favour of England, and against France.

Secondly, in some countries, the expence of coinage is defrayed by the government; in others, it is defrayed by the private people, who carry their bullion to the mint, and the government even derives some revenue from the coinage. In England it is defrayed by the government, and if you carry a pound weight of standard filver to

the mint, you get back fixty-two shillings, con- CHAP. taining a pound weight of the like standard filver. In France, a duty of eight per cent. is deducted for the coinage, which not only defrays the expence of it, but affords a fmall revenue to the government. In England, as the coinage costs nothing, the current coin can never be much more valuable than the quantity of bullion which it actually contains. In France, the workmanship, as you pay for it, adds to the value, in the fame manner as to that of wrought plate. A fum of French money, therefore, containing a certain weight of pure filver, is more valuable than a fum of English money containing an equal weight of pure filver, and must require more bullion, or other commodities, to purchase it. Though the current coin of the two countries, therefore, were equally near the flandards of their respective mints, a sum of English money could not well purchase a sum of French money, containing an equal number of ounces of pure filver, nor confequently a bill upon France for fuch a fum. If for fuch a bill no more additional money was paid than what was sufficient to compensate the expence of the French coinage, the real exchange might be at par between the two countries, their debts and credits might mutually compensate one another, while the computed exchange was confiderably in favour of France. If less than this was paid, the real exchange might be in favour of England, while the computed was in favour of France.

Thirdly,

218 OF RESTRAINTS UPON IMPORTATION. BOOK Thirdly, and laftly, in some places, as at Amsterdam, Hamburgh, Venice, &c. foreign bills of exchange are paid in what they call bank money; while in others, as at London, Lifbon, Antwerp, Leghorn, &c. they are paid in the common currency of the country. What is called bank money is always of more value than the fame nominal fum of common currency. A thousand guilders in the bank of Amiterdam, for example, are of more value than a thousand guilders of Amsterdam currency. The difference between them is called the agio of the bank, which, at Amfterdam, is generally about five per cent. Supposing the current money of the two countries equally near to the standard of their respective mints, and that the one pays foreign bills in this common currency, while the other pays them in bank money, it is evident that the computed exchange may be in favour of that which pays in bank money, though the real exchange should be in favour of that which pays in current money; for the fame reason that the computed exchange may be in favour of that which pays in better money, or in money nearer to its own standard, though the real exchange should be in favour of that which pays in worse. The computed exchange, before the late reformation of the gold coin, was generally against London with Amsterdam, Hamburgh, Venice, and, I believe, with all other places which pay

in what is called bank money. It will by no means follow, however, that the real exchange was against it. Since the reformation of the gold

coin

coin, it has been in favour of London even with those places. The computed exchange has generally been in favour of London with Lisbon, Antwerp, Leghorn, and, if you except France, I believe, with most other parts of Europe that pay in common currency; and it is not improbable that the real exchange was so too.

Digression concerning Banks of Deposit, particularly concerning that of Amsterdam.

THE currency of a great flate, fuch as France or England, generally confifts almost entirely of its own coin. Should this currency, therefore, be at any time worn, clipt, or otherwife degraded below its standard value, the flate by a reformation of its coin can effectually re-establish its currency. But the currency of a fmall ftate, fuch as Genoa or Hamburgh, can feldom confift altogether in its own coin, but must be made up, in a great measure, of the coins of all the neighbouring states with which its inhabitants have a continual intercourfe. Such a flate, therefore, by reforming its coin, will not always be able to reform its currency. If foreign bills of exchange are paid in this currency, the uncertain value of any fum, of what is in its own nature so uncertain, must render the exchange always very much against such a state, its currency being, in all foreign states, necessarily valued even below what it is worth.

BOOK In order to remedy the inconvenience to which this difadvantageous exchange must have subjected their merchants, fuch finall flates, when they began to attend to the interest of trade, have frequently enacted, that foreign bills of exchange of a certain value should be paid, not in common currency, but by an order upon, or by a transfer in the books of a certain bank, established upon the credit, and under the protection of the flate; this bank being always obliged to pay, in good and true money, exactly according to the standard of the state. The banks of Venice, Genoa, Amsterdam, Hamburgh, and Nuremberg, feem to have been all originally established with this view, though fome of them may have afterwards been made fubfervient to other purpofes. The money of fuch banks being better than the common currency of the country, necessarily bore an agio, which was greater or fmaller, according as the currency was supposed to be more or less degraded below the standard of the state. The agio of the bank of Hamburgh, for example, which is faid to be commonly about fourteen per cent. is the supposed difference between the good standard money of the state, and the clipt, worn, and diminished currency poured into it from all the neighbouring states.

Before 1609 the great quantity of clipt and worn foreign coin, which the extensive trade of Amsterdam brought from all parts of Europe, reduced the value of its currency about nine per cent. below that of good money fresh from

the mint. Such money no fooner appeared than c it was melted down or carried away, as it always is in fuch circumftances. The merchants, with plenty of currency, could not always find a fufficient quantity of good money to pay their bills of exchange; and the value of those bills, in spite of several regulations which were made to prevent it, became in a great measure uncertain.

In order to remedy these inconveniencies, a bank was established in 1600 under the guarantee of the city. This bank received both foreign coin, and the light and worn coin of the country at its real intrinsic value in the good standard money of the country, deducting only fo much as was necessary for defraying the expence of coinage, and the other necessary expence of management. For the value which remained, after this finall deduction was made, it gave a credit in its books. This credit was called bank money, which, as it represented money exactly according to the standard of the mint, was always of the same real value, and intrinsically worth more than current money. It was at the fame time enacted, that all bills drawn upon or negotiated at Amsterdam of the value of fix hundred guilders and upwards fhould be paid in bank money, which at once took away all uncertainty in the value of those bills. Every merchant, in confequence of this regulation, was obliged to keep an account with the bank in order to pay his foreign bills of exchange, which necessarily occasioned a certain demand for bank money.

Bank

IV.

BOOK Bank money, over and above both its intrinfic fuperiority to currency, and the additional value which this demand necessarily gives it, has likewife fome other advantages. It is fecure from fire, robbery, and other accidents; the city of Amsterdam is bound for it; it can be paid away by a fimple transfer, without the trouble of counting, or the risk of transporting it from one place to another. In confequence of those different advantages, it feems from the beginning to have borne an agio, and it is generally believed that all the money originally deposited in the bank was allowed to remain there, nobody caring to demand payment of a debt which he could fell for a premium in the market. By demanding payment of the bank, the owner of a bank credit would lose this premium. As a fhilling fresh from the mint will buy no more goods in the market than one of our common worn shillings, fo the good and true money which might be brought from the coffers of the bank into those of a private person, being mixed and confounded with the common currency of the country, would be of no more value than that currency, from which it could no longer be readily diffinguished. While it remained in the coffers of the bank, its superiority was known and afcertained. When it had come into those of a private person, its superiority could not well be afcertained without more trouble than perhaps the difference was worth. By being brought from the coffers of the bank, besides, it lost all the other advantages of bank money; its fecurity, its easy and safe transferability, its use in CHAP. paying foreign bills of exchange. Over and above all this, it could not be brought from those coffers, as it will appear by and by, without previously paying for the keeping.

Those deposits of coin, or those deposits which the bank was bound to reftore in coin, conflituted the original capital of the bank, or the whole value of what was reprefented by what is called bank money. At prefent they are fupposed to constitute but a very small part of it. In order to facilitate the trade in bullion, the bank has been for these many years in the practice of giving credit in its books upon deposits of gold and filver bullion. This credit is generally about five per cent. below the mint price of fuch bullion. The bank grants at the fame time what is called a recipice or receipt, intitling the person who makes the deposit, or the bearer, to take out the bullion again at any time within fix months, upon retransferring to the bank a quantity of bank money equal to that for which credit had been given in its books when the deposit was made, and upon paying one-fourth per cent. for the keeping, if the deposit was in filver; and one-half per cent. if it was in gold; but at the same time declaring, that in default of fuch payment, and upon the expiration of this term, the deposit should belong to the bank at the price at which it had been received, or for which credit had been given in the transfer books. What is thus paid for the keeping of the deposit may be considered as a fort of warehouse

BOOK IV.

house rent; and why this warehouse rent should be so much dearer for gold than for silver, several different reasons have been assigned. The sineness of gold, it has been said, is more difficult to be ascertained than that of silver. Frauds are more easily practised, and occasion a greater loss in the more precious metal. Silver, besides, being the standard metal, the state, it has been said, wishes to encourage more the making of deposits of silver than those of gold.

Deposits of bullion are most commonly made when the price is fomewhat lower than ordinary; and they are taken out again when it happens to rife. In Holland the market price of bullion is generally above the mint price, for the fame reason that it was so in England before the late reformation of the gold coin. The difference is faid to be commonly from about fix to fixteen flivers upon the mark, or eight ounces of filver of eleven parts fine, and one part alloy. The bank price, or the credit which the bank gives for deposits of such filver (when made in foreign coin, of which the fineness is well known and ascertained, such as Mexico dollars), is twentytwo guilders the mark; the mint price is about twenty-three guilders, and the market price is from twenty-three guilders fix, to twenty-three guilders fixteen stivers, or from two to three per cent. above the mint price *. The proportions

^{*} The following are the prices at which the bank of Amsterdam at present (September, 1775) receives bullion and coin of different kinds:

tions between the bank price, the mint price, and c HAP. the market price of gold bullion, are nearly the fame. A perfon can generally fell his receipt for the difference between the mint price of bullion and the market price. A receipt for bullion is almost always worth something, and it very feldom happens, therefore, that any body suffers his receipt to expire, or allows his bullion to fall to the bank at the price at which it had been received, either by not taking it out before the end of the fix months, or by neglecting to pay the one-fourth or one-half per cent. in order to obtain a new receipt for another fix months. This, however, though it happens feldom, is faid to happen sometimes, and more frequently

SILVER.

Mexico dollars
French crowns
English silver coin
Mexico dollars new coin - 21 10
Ducatoons - - - 3
Rix dollars

Bar filver containing $\frac{1}{12}$ fine filver 21 per mark, and in this proportion down to $\frac{1}{4}$ fine, on which 5 guilders are given.

Fine bars, 23 per mark.

GOLD.

Portugal coin
Guineas
Louis d'ors new
Ditto old - - - 300
New ducats - - - 4 19 8 per ducat.

Bar or ingot gold is received in proportion to its fineness compared with the above foreign gold coin. Upon fine bars the bank gives 340 per mark. In general, however, something more is given upon coin of a known fineness, than upon gold and silver bars, of which the fineness cannot be ascertained but by a process of melting and assaying.

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on account of the higher warehouse-rent which is paid for the keeping of the more precious metal.

The person who by making a deposit of bullion obtains both a bank credit and a receipt, pays his bills of exchange as they become due with his bank credit; and either sells or keeps his receipt according as he judges that the price of bullion is likely to rise or to fall. The receipt and the bank credit seldom keep long together, and there is no occasion that they should. The person who has a receipt, and who wants to take out bullion, sinds always plenty of bank credits, or bank money to buy at the ordinary price; and the person who has bank money, and wants to take out bullion, finds receipts always in equal abundance.

The owners of bank credits, and the holders of receipts, constitute two different forts of creditors against the bank. The holder of a receipt cannot draw out the bullion for which it is granted, without re-affigning to the bank a sum of bank money equal to the price at which the bullion had been received. If he has no bank money of his own, he must purchase it of those who have it. The owner of bank money cannot draw out bullion without producing to the bank receipts for the quantity which he wants. If he has none of his own, he must buy them of those who have them. The holder of a receipt, when he purchases bank money, purchases the power

of taking out a quantity of bullion, of which the c mint price is five per cent. above the bank price. The agio of five per cent. therefore, which he commonly pays for it, is paid, not for an imaginary, but for a real value. The owner of bank money, when he purchases a receipt, purchases the power of taking out a quantity of bullion of which the market price is commonly from two to three per cent. above the mint price. The price which he pays for it, therefore, is paid likewise for a real value. The price of the receipt, and the price of the bank money, compound or make up between them the full value or price of the bullion.

Upon deposits of the coin current in the country, the bank grants receipts likewife as well as bank credits; but those receipts are frequently of no value, and will bring no price in the market. Upon ducatoons, for example, which in the currency pass for three guilders three stivers each, the bank gives a credit of three guilders only, or five per cent. below their current value. It grants a receipt likewise intitling the bearer to take out the number of ducatoons deposited at any time within fix months, upon paying onefourth per cent. for the keeping. This receipt will frequently bring no price in the market. Three guilders bank money generally fell in the market for three guilders three stivers, the full value of the ducatoons, if they were taken out of the bank; and before they can be taken out, one-fourth per cent. must be paid for the keep-

BOOK ing, which would be mere loss to the holder of the receipt. If the agio of the bank, however, fhould at any time fall to three per cent. fuch receipts might bring some price in the market, and might fell for one and three-fourths per cent. But the agio of the bank being now generally about five per cent. fuch receipts are frequently allowed to expire, or, as they express it, to fall to the bank. The receipts which are given for deposits of gold ducats fall to it yet more frequently, because a higher warehouserent, or one-half per-cent. must be paid for the keeping of them before they can be taken out again. The five per cent. which the bank gains, when deposits either of coin or bullion are allowed to fall to it, may be confidered as the warehouse-rent for the perpetual keeping of such deposits.

The fum of bank money for which the receipts are expired must be very considerable. It must comprehend the whole original capital of the bank, which, it is generally supposed, has been allowed to remain there from the time it was first deposited, nobody caring either to renew his receipt or to take out his deposit, as, for the reasons already assigned, neither the one nor the other could be done without loss. But whatever may be the amount of this fum, the proportion which it bears to the whole mass of bank money is supposed to be very small. The bank of Amsterdam has for these many years past been the great warehouse of Europe for bullion.

lion, for which the receipts are very feldom C HAP. allowed to expire, or, as they express it, to fall to the bank. The far greater part of the bank money, or of the credits upon the books of the bank, is supposed to have been created, for these many years past, by such deposits which the dealers in bullion are continually both making and withdrawing.

No demand can be made upon the bank but by means of a recipice or receipt. The finaller mass of bank money, for which the receipts are expired, is mixed and confounded with the much greater mass for which they are still in force; fo that, though there may be a confiderable fum of bank money, for which there are no receipts, there is no specific sum or portion of it, which may not at any time be demanded by one. The bank cannot be debtor to two persons for the fame thing; and the owner of bank money who has no receipt, cannot demand payment of the bank till he buys one. In ordinary and quiet times, he can find no difficulty in getting one to buy at the market price, which generally corresponds with the price at which he can fell the coin or bullion it intitles him to take out of the bank.

It might be otherwise during a public calamity; an invasion, for example, such as that of the French in 1672. The owners of bank money being then all eager to draw it out of the bank, in order to have it in their own keeping, the demand for receipts might raise their price to an exorbitant height. The holders of them

BOOK might form extravagant expectations, and, inflead of two or three per cent. demand half the bank money for which credit had been given upon the deposits that the receipts had respectively been granted for. The enemy, informed of the constitution of the bank, might even buy them up, in order to prevent the carrying away of the treasure. In such emergencies, the bank, it is supposed, would break through its ordinary rule of making payment only to the holders of receipts. The holders of receipts, who had no bank money, must have received within two or three per cent. of the value of the deposit for which their respective receipts had been granted. The bank, therefore, it is faid, would in this case make no scruple of paying, either with money or bullion, the full value of what the owners of bank money who could get no receipts were credited for in its books; paying at the fame time two or three per cent. to fuch holders of receipts as had no bank money, that being the whole value which in this flate of things could justly be supposed due to them.

Even in ordinary and quiet times it is the interest of the holders of receipts to depress the agio, in order either to buy bank money (and confequently the bullion, which their receipts would then enable them to take out of the bank) fo much cheaper, or to fell their receipts to those who have bank money, and who want to take out bullion, fo much dearer; the price of a receipt being generally equal to the difference between the market price of bank money, and

that

that of the coin or bullion for which the receipt C HAP. had been granted. It is the interest of the owners of bank money, on the contrary, to raife the agio, in order either to fell their bank money so much dearer, or to buy a receipt so much cheaper. To prevent the flock-jobbing tricks which those opposite interests might sometimes occasion, the bank has of late years come to the refolution to fell at all times bank money for currency, at five per cent. agio, and to buy it in again at four per cent. agio. In consequence of this refolution, the agio can never either rife above five, or fink below four per cent. and the proportion between the market price of bank and that of current money, is kept at all times very near to the proportion between their intrinsic values. Before this resolution was taken, the market price of bank money used fometimes to rife fo high as nine per cent. agio, and fometimes to fink fo low as par, according as opposite interests happened to influence the market.

The bank of Amfterdam professes to lend out no part of what is deposited with it, but, for every guilder for which it gives credit in its books, to keep in its repositories the value of a guilder either in money or bullion. That it keeps in its repositories all the money or bullion for which there are receipts in force, for which it is at all times liable to be called upon, and which, in reality, is continually going from it and returning to it again, cannot well be doubted. But whether it does so likewise with regard to that part of its capital, for which the receipts

BOOK are long ago expired, for which in ordinary and quiet times it cannot be called upon, and which in reality is very likely to remain with it for ever, or as long as the States of the United Provinces fubfift, may perhaps appear more uncertain. At Amsterdam, however, no point of faith is better established than that for every guilder, circulated as bank money, there is a correspondent guilder in gold or filver to be found in the treasure of the bank. The city is guarantee that it should be fo. The bank is under the direction of the four reigning burgomasters, who are changed every year. Each new fet of burgomafters visits the treasure, compares it with the books, receives it upon oath, and delivers it over, with the same awful solemnity, to the set which fucceeds; and in that fober and religious country oaths are not yet difregarded. A rotation of this kind feems alone a fufficient fecurity against any practices which cannot be avowed. Amidst all the revolutions which faction has ever occasioned in the government of Amsterdam, the prevailing party has at no time accused their predecessors of infidelity in the administration of the bank. No accusation could have affected more deeply the reputation and fortune of the difgraced party, and if fuch an accufation could have been supported, we may be assured that it would have been brought. In 1672, when the French King was at Utrecht, the bank of Amfterdam paid fo readily as left no doubt of the fidelity with which it had observed its engagements. Some of the pieces which were then brought

brought from its repositories appeared to have CHAP. been fcorched with the fire which happened in the town-house soon after the bank was established. Those pieces, therefore, must have lain there from that time.

What may be the amount of the treasure in the bank, is a question which has long employed the speculations of the curious. Nothing but conjecture can be offered concerning it. It is generally reckoned that there are about two thousand people who keep accounts with the bank, and allowing them to have, one with another, the value of fifteen hundred pounds fterling lying upon their respective accounts (a very large allowance), the whole quantity of bank money, and confequently of treasure in the bank, will amount to about three millions fterling, or at eleven guilders the pound fterling, thirtythree millions of guilders; a great fum, and fufficient to carry on a very extensive circulation; but vaftly below the extravagant ideas which some people have formed of this treasure.

The city of Amsterdam derives a considerable revenue from the bank. Besides what may be called the warehouse-rent above mentioned, each person, upon first opening an account with the bank, pays a fee of ten guilders; and for every new account three guilders three flivers; for every transfer two flivers; and if the transfer is for lefs than three hundred guilders, fix flivers, in order to difcourage the multiplicity of fmall transactions. The person who neglects to balance his account twice in the year forfeits

BOOK twenty-five guilders. The perfon who orders a transfer for more than is upon his account, is obliged to pay three per cent. for the fum overdrawn, and his order is fet afide into the bargain. The bank is supposed too to make a confiderable profit by the fale of the foreign coin or bullion which fometimes falls to it by the expiring of receipts, and which is always kept till it can be fold with advantage. It makes a profit likewise by selling bank money at five per cent. agio, and buying it in at four. These different emoluments amount to a good deal more than what is necessary for paying the salaries of officers, and defraying the expence of management. What is paid for the keeping of bullion upon receipts, is alone supposed to amount to a neat annual revenue of between one hundred and fifty thousand and two hundred thousand guilders. Public utility, however, and not revenue, was the original object of this inflitution. Its object was to relieve the merchants from the inconvenience of a difadvantageous exchange. The revenue which has arisen from it was unforeseen, and may be confidered as accidental. But it is now time to return from this long digreffion, into which I have been infenfibly led in endeavouring to explain the reasons why the exchange between the countries which pay in what is called bank money, and those which pay in common currency, fhould generally appear to be in favour of the former, and against the latter. The former pay in a species of money of which the intrinsic value is always the same, and exactly agreeable agreeable to the standard of their respective C HAP. mints; the latter is a species of money of which the intrinsic value is continually varying, and is almost always more or less below that standard.

PART II.

Of the Unreasonableness of those extraordinary Restraints upon other Principles.

IN the foregoing Part of this Chapter I have endeavoured to fhew, even upon the principles of the commercial fystem, how unnecessary it is to lay extraordinary restraints upon the importation of goods from those countries with which the balance of trade is supposed to be disadvantageous.

Nothing, however, can be more abfurd than this whole doctrine of the balance of trade, upon which, not only these restraints, but almost all the other regulations of commerce are founded. When two places trade with one another, this doctrine supposes that, if the balance be even, neither of them either loses or gains; but if it leans in any degree to one side, that one of them loses, and the other gains in proportion to its declension from the exact equilibrium. Both suppositions are salse. A trade which is forced by means of bounties and monopolies, may be, and commonly is disadvantageous to the country in whose savour it is meant to be established, as I shall endeavour to shew hereafter. But that

trade

BOOK trade, which, without force or constraint, is naturally and regularly carried on between any two places, is always advantageous, though not always equally so, to both.

By advantage or gain, I understand, not the increase of the quantity of gold and silver, but that of the exchangeable value of the annual produce of the land and labour of the country, or the increase of the annual revenue of its inhabitants.

If the balance be even, and if the trade between the two places confift altogether in the exchange of their native commodities, they will, upon most occasions, not only both gain, but they will gain equally, or very near equally: each will in this cafe afford a market for a part of the furplus produce of the other: each will replace a capital which had been employed in raifing and preparing for the market this part of the furplus produce of the other, and which had been distributed among, and given revenue and maintenance to a certain number of its inhabitants. Some part of the inhabitants of each, therefore, will indirectly derive their revenue and maintenance from the other. As the commodities exchanged too are supposed to be of equal value, fo the two capitals employed in the trade will, upon most occasions, be equal, or very nearly equal; and both being employed in raifing the native commodities of the two countries, the revenue and maintenance which their diffribution will afford to the inhabitants of each will be equal, or very nearly equal. This revenue and

and maintenance, thus mutually afforded, will be greater or fmaller in proportion to the extent of their dealings. If these should annually amount to an hundred thousand pounds, for example, or to a million on each side, each of them would afford an annual revenue in the one case of an hundred thousand pounds, in the other, of a million, to the inhabitants of the other.

If their trade fhould be of fuch a nature that one of them exported to the other nothing but native commodities, while the returns of that other confifted altogether in foreign goods; the balance in this case, would still be supposed even, commodities being paid for with commodities. They would, in this cafe too, both gain, but they would not gain equally; and the inhabitants of the country which exported nothing but native commodities would derive the greatest revenue from the trade. If England, for example, should import from France nothing but the native commodities of that country, and, not having fuch commodities of its own as were in demand there, fhould annually repay them by fending thither a large quantity of foreign goods, tobacco, we shall suppose, and East India goods; this trade, though it would give fome revenue to the inhabitants of both countries, would give more to those of France than to those of England. The whole French capital annually employed in it would annually be distributed among the people of France. But that part of the English capital only which was employed in producing the English commodities with which those foreign

BOOK foreign goods were purchased, would be annually distributed among the people of England. The greater part of it would replace the capitals which had been employed in Virginia, Indostan, and China, and which had given revenue and maintenance to the inhabitants of those distant countries. If the capitals were equal, or nearly equal, therefore, this employment of the French capital would augment much more the revenue of the people of France, than that of the English capital would the revenue of the people of England. France would in this cafe carry on a direct foreign trade of confumption with England; whereas England would carry on a round-about trade of the fame kind with France. The different effects of a capital employed in the direct, and of one employed in the round-about foreign trade of confumption, have already been fully explained.

There is not, probably, between any two countries, a trade which confifts altogether in the exchange either of native commodities on both fides, or of native commodities on one fide and of foreign goods on the other. Almost all countries exchange with one another partly native and partly foreign goods. That country, however, in whose cargoes there is the greatest proportion of native, and the least of foreign goods, will always be the principal gainer.

If it was not with tobacco and East India goods, but with gold and filver, that England paid for the commodities annually imported from France, the balance, in this cafe, would be fup-

pofed

posed uneven, commodities not being paid for C HAP. with commodities, but with gold and filver. The trade, however, would, in this cafe, as in the foregoing, give some revenue to the inhabitants of both countries, but more to those of France than to those of England. It would give fome revenue to those of England. The capital which had been employed in producing the English goods that purchased this gold and filver, the capital which had been distributed among, and given revenue to, certain inhabitants of England, would thereby be replaced, and enabled to continue that employment. The whole capital of England would no more be diminished by this exportation of gold and filver, than by the exportation of an equal value of any other goods. On the contrary, it would, in most cases, be augmented. No goods are fent abroad but those for which the demand is supposed to be greater abroad than at home, and of which the returns confequently, it is expected, will be of more value at home than the commodities exported. If the tobacco which, in England, is worth only a hundred thousand pounds, when fent to France will purchase wine which is, in England, worth a hundred and ten thousand pounds, the exchange will augment the capital of England by ten thousand pounds. If a hundred thousand pounds of English gold, in the same manner, purchase French wine, which, in England, is worth a hundred and ten thousand, this exchange will equally augment the capital of England by ten thousand pounds. As a merchant who has a hundred 4

BOOK a hundred and ten thousand pounds worth of wine in his cellar, is a richer man than he who has only a hundred thousand pounds worth of tobacco in his warehouse, so is he likewise a richer man than he who has only a hundred thoufand pounds worth of gold in his coffers. He can put into motion a greater quantity of induftry, and give revenue, maintenance, and employment, to a greater number of people than either of the other two. But the capital of the country is equal to the capitals of all its different inhabitants, and the quantity of industry which can be annually maintained in it, is equal to what all those different capitals can maintain. Both the capital of the country, therefore, and the quantity of industry which can be annually maintained in it, must generally be augmented by this exchange. It would, indeed, be more advantageous for England that it could purchase the wines of France with its own hard-ware and broad-cloth, than with either the tobacco of Virginia, or the gold and filver of Brazil and Peru. A direct foreign trade of confumption is always more advantageous than a round-about one. But a round-about foreign trade of confumption, which is carried on with gold and filver, does not feem to be lefs advantageous than any other equally round-about one. Neither is a country which has no mines, more likely to be exhaufted of gold and filver by this annual exportation of those metals, than one which does not grow tobacco by the like annual exportation of that plant. As a country which has wherewithal

withal to buy tobacco will never be long in want C HAP. of it, so neither will one be long in want of gold and filver which has wherewithal to purchase those metals.

It is a losing trade, it is faid, which a workman carries on with the alehouse; and the trade which a manufacturing nation would naturally carry on with a wine country, may be confidered as a trade of the fame nature. I answer, that the trade with the alehouse is not necessarily a losing trade. In its own nature it is just as advantageous as any other, though, perhaps, fomewhat more liable to be abused. The employment of a brewer, and even that of a retailer of fermented liquors, are as necessary divisions of labour as any other. It will generally be more advantageous for a workman to buy of the brewer the quantity he has occasion for, than to brew it himself, and if he is a poor workman, it will generally be more advantageous for him to buy it, by little and little, of the retailer, than a large quantity of the brewer. He may no doubt buy too much of either, as he may of any other dealers in his neighbourhood, of the butcher, if he is a glutton, or of the draper, if he affects to be a beau among his companions. It is advantageous to the great body of workmen, notwithstanding, that all these trades should be free, though this freedom may be abused in all of them, and is more likely to be fo, perhaps, in some than in others. Though individuals, befides, may fometimes ruin their fortunes by an excessive consumption of fermented liquors, there feems

BOOK feems to be no risk that a nation should do for Though in every country there are many people who fpend upon fuch liquors more than they can afford, there are always many more who fpend less. It deserves to be remarked too, that, if we confult experience, the cheapness of wine seems to be a cause, not of drunkenness, but of sobriety. The inhabitants of the wine countries are in general the foberest people in Europe; witness the Spaniards, the Italians, and the inhabitants of the fouthern provinces of France. People are feldom guilty of excess in what is their daily fare. Nobody affects the character of liberality and good fellowship, by being profuse of a liquor which is as cheap as fmall beer. On the contrary, in the countries which, either from excessive heat or cold, produce no grapes, and where wine confequently is dear and a rarity, drunkenness is a common vice, as among the northern nations, and all those who live between the tropics, the negroes, for example, on the coast of Guinea. When a French regiment comes from fome of the northern provinces of France, where wine is fomewhat dear, to be quartered in the fouthern, where it is very cheap, the foldiers, I have frequently heard it observed, are at first debauched by the cheapness and novelty of good wine; but after a few months refidence, the greater part of them become as fober as the rest of the inhabitants. Were the duties upon foreign wines, and the excifes upon malt, beer, and ale, to be taken away all at once, it might, in the same manner, occasion in Great Britain

Britain a pretty general and temporary drunk- C HAP. enness among the middling and inferior ranks of people, which would probably be soon followed by a permanent and almost universal sobriety. At prefent drunkenness is by no means the vice of people of fashion, or of those who can easily afford the most expensive liquors. A gentleman drunk with ale, has fcarce ever been feen among us. The restraints upon the wine trade in Great Britain, befides, do not fo much feem calculated to hinder the people from going, if I may fay fo, to the alehouse, as from going where they can buy the best and cheapest liquor. They favour the wine trade of Portugal, and discourage that of France. The Portuguese, it is said, indeed, are better customers for our manufactures than the French, and should therefore be encouraged in preference to them. As they give us their custom, it is pretended, we should give them ours. The sneaking arts of underling tradesmen are thus erected into political maxims for the conduct of a great empire; for it is the most underling tradesmen only who make it a rule to employ chiefly their own customers. A great trader purchases his goods always where they are cheapest and best, without regard to any little interest of this kind.

By fuch maxims as these, however, nations have been taught that their interest consisted in beggaring all their neighbours. Each nation has been made to look with an invidious eye upon the prosperity of all the nations with which it trades, and to consider their gain as its own

loss.

BOOK loss. Commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendship, has become the most fertile fource of discord and animosity. The capricious ambition of kings and ministers has not, during the prefent and the preceding century, been more fatal to the repose of Europe, than the impertinent jealoufy of merchants and manufacturers. The violence and injustice of the rulers of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can scarce admit of a remedy. But the mean rapacity, the monopolizing spirit of merchants and manufacturers, who neither are, nor ought to be, the rulers of mankind, though it cannot perhaps be corrected, may very eafily be prevented

That it was the spirit of monopoly which originally both invented and propagated this doctrine, cannot be doubted; and they who first taught it were by no means such sools as they who believed it. In every country it always is and must be the interest of the great body of the people to buy whatever they want of those who sell it cheapest. The proposition is so very manifest, that it seems ridiculous to take any pains to prove it; nor could it ever have been called in question, had not the interested sophistry of merchants and manufacturers consounded the common sense of mankind. Their interest is, in this respect, directly opposite to that of the great body of the people. As it is the interest of the freemen

from diffurbing the tranquillity of any body but

themselves.

of a corporation to hinder the rest of the inha- C H A P. bitants from employing any workmen but themfelves, fo it is the interest of the merchants and manufacturers of every country to secure to themselves the monopoly of the home market. Hence in Great Britain, and in most other European countries, the extraordinary duties upon almost all goods imported by alien merchants. Hence the high duties and prohibitions upon all those foreign manufactures which can come into competition with our own. Hence too the extraordinary reftraints upon the importation of almost all forts of goods from those countries with which the balance of trade is supposed to be disadvantageous; that is, from those against whom national animofity happens to be most violently inflamed.

The wealth of a neighbouring nation, howver, though dangerous in war and politics, is certainly advantageous in trade. In a flate of hostility it may enable our enemies to maintain fleets and armies superior to our own; but in a state of peace and commerce it must likewise enable them to exchange with us to a greater value, and to afford a better market, either for the immediate produce of our own industry, or for whatever is purchased with that produce. As a rich man is likely to be a better customer to the industrious people in his neighbourhood, than a poor, so is likewise a rich nation. A rich man, indeed, who is himself a manusacturer, is a very dangerous neighbour to all those who deal in the same way. All the rest of the neigh-

R 3 bourhood,

BOOK bourhood, however, by far the greatest number, profit by the good market which his expence affords them. They even profit by his underfelling the poorer workmen who deal in the fame way with him. The manufacturers of a rich nation, in the fame manner, may no doubt be very dangerous rivals to those of their neighbours. This very competition, however, is advantageous to the great body of the people, who profit greatly besides by the good market which the great expence of fuch a nation affords them in every other way. Private people who want to make a fortune, never think of retiring to the remote and poor provinces of the country, but refort either to the capital, or to some of the great commercial towns. They know, that, where little wealth circulates, there is little to be got, but that where a great deal is in motion, fome share of it may fall to them. The same maxims which would in this manner direct the common fense of one, or ten, or twenty individuals, should regulate the judgment of one, or ten, or twenty millions, and should make a whole nation regard the riches of its neighbours, as a probable cause and occasion for itself to acquire riches. A nation that would enrich itself by foreign trade, is certainly most likely to do so when its neighbours are all rich, industrious, and commercial nations. A great nation furrounded on all fides by wandering favages and poor barbarians might, no doubt, acquire riches by the cultivation of its own lands, and by its own interior commerce, but not by foreign trade. It feems to have been in this manner that the ancient Egyptians and the modern Chinese acquired their great wealth. The ancient Egyptians, it is said, neglected soreign commerce, and the modern Chinese, it is known, hold it in the utmost contempt, and scarce deign to afford it the decent protection of the laws. The modern maxims of foreign commerce, by aiming at the impoverishment of all our neighbours, so far as they are capable of producing their intended effect, tend to render that very commerce infignificant and contemptible.

It is in confequence of these maxims that the commerce between France and England has in both countries been subjected to fo many difcouragements and reftraints. If those two countries, however, were to confider their real interest, without either mercantile jealoufy or national animofity, the commerce of France might be more advantageous to Great Britain than that of any other country, and for the same reason that of Great Britain to France. France is the nearest neighbour to Great Britain. In the trade between the fouthern coast of England and the northern and north-western coasts of France, the returns might be expected, in the fame manner as in the inland trade, four, five, or fix times in the year. The capital, therefore, employed in this trade, could in each of the two countries keep in motion four, five, or fix times the quantity of industry, and afford employment and subfiftence to four, five, or fix times the number of

people,

BOOK people, which an equal capital could do in the greater part of the other branches of foreign trade. Between the parts of France and Great

Britain most remote from one another, the returns might be expected, at least, once in the year, and even this trade would fo far be at leaft equally advantageous as the greater part of the other branches of our foreign European trade. It would be, at least, three times more advantageous, than the boafted trade with our North American colonies, in which the returns were feldom made in less than three years, frequently not in less than four or five years. France, befides, is supposed to contain twenty-four millions of inhabitants. Our North American colonies were never supposed to contain more than three millions: And France is a much richer country than North America; though, on account of the more unequal distribution of riches, there is much more poverty and beggary in the one country, than in the other. France therefore could afford a market at least eight times more extensive, and, on account of the superior frequency of the returns, four and twenty times more advantageous, than that which our North American colonies ever afforded. The trade of Great Britain would be just as advantageous to France, and, in proportion to the wealth, population and proximity of the respective countries, would have the same superiority over that which France carries on with her own colonies. Such is the very great difference between that trade

which

which the wisdom of both nations has thought CHAP. proper to discourage, and that which it has favoured the most.

But the very same circumstances which would have rendered an open and free commerce between the two countries fo advantageous to both, have occasioned the principal obstructions to that commerce. Being neighbours, they are necessarily enemies, and the wealth and power of each becomes, upon that account, more formidable to the other; and what would increase the advantage of national friendship, ferves only to inflame the violence of national animofity. They are both rich and industrious nations; and the merchants and manufacturers of each, dread the competition of the skill and activity of those of the other. Mercantile jealoufy is excited, and both inflames, and is itself inflamed, by the violence of national animofity: And the traders of both countries have announced, with all the passionate confidence of interested falsehood, the certain ruin of each, in confequence of that unfavourable balance of trade, which, they pretend, would be the infallible effect of an unrestrained commerce with the other.

There is no commercial country in Europe of which the approaching ruin has not frequently been foretold by the pretended doctors of this fystem, from an unfavourable balance of trade. After all the anxiety, however, which they have excited about this, after all the vain attempts of almost all trading nations to turn that balance in their own favour and against their neighbours,

BOOK it does not appear that any one nation in Europe has been in any respect impoverished by this cause. Every town and country, on the contrary, in proportion as they have opened their ports to all nations, instead of being ruined by this free trade, as the principles of the commercial fystem would lead us to expect, have been enriched by it. Though there are in Europe, indeed, a few towns which in some respects deferve the name of free ports, there is no country which does fo. Holland, perhaps, approaches the nearest to this character of any, though still very remote from it; and Holland, it is acknowledged, not only derives its whole wealth, but a great part of its necessary subfishence, from foreign trade.

There is another balance, indeed, which has already been explained, very different from the balance of trade, and which, according as it happens to be either favourable or unfavourable, necessarily occasions the prosperity or decay of every nation. This is the balance of the annual produce and confumption. If the exchangeable value of the annual produce, it has already been observed, exceeds that 'of the annual consumption, the capital of the fociety must annually increase in proportion to this excess. The society in this case lives within its revenue, and what is annually faved out of its revenue, is naturally added to its capital, and employed fo as to increase still further the annual produce. If the exchangeable value of the annual produce, on the contrary, fall fhort of the annual

confumption, the capital of the fociety must c HAP. annually decay in proportion to this deficiency. The expence of the fociety in this case exceeds its revenue, and necessarily encroaches upon its capital. Its capital, therefore, must necessarily decay, and, together with it, the exchangeable value of the annual produce of its industry.

This balance of produce and confumption is entirely different from, what is called, the balance of trade. It might take place in a nation which had no foreign trade, but which was entirely feparated from all the world. It may take place in the whole globe of the earth, of which the wealth, population, and improvement, may be either gradually increasing or gradually de-

caying.

The balance of produce and confumption may be constantly in favour of a nation, though what is called the balance of trade be generally against it. A nation may import to a greater value than it exports for half a century, perhaps, together; the gold and filver which comes into it during all this time may be all immediately fent out of it; its circulating coin may gradually decay, different forts of paper money being fubflituted in its place, and even the debts too which it contracts in the principal nations with whom it deals, may be gradually increasing; and vet its real wealth, the exchangeable value of the annual produce of its lands and labour, may, during the same period, have been increasing in a much greater proportion. The state of our North American colonies, and of the trade which BOOK which they carried on with Great Britain, before the commencement of the present disturbances *, may ferve as a proof that this is by no means an impossible supposition.

CHAP. IV. Of Drawbacks.

MERCHANTS and manufactures are not contented with the monopoly of the home market, but defire likewise the most extensive foreign fale for their goods. Their country has no jurisdiction in foreign nations, and therefore can feldom procure them any monopoly there. They are generally obliged, therefore, to content themselves with petitioning for certain en-

couragements to exportation.

Of these encouragements what are called Drawbacks feem to be the most reasonable. To allow the merchant to draw back upon exportation, either the whole or a part of whatever excife or inland duty is imposed upon domestic induftry, can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed. Such encouragements do not tend to turn towards any particular employment a greater share of the capital of the country, than what would go to that employment of its own accord, but only to hinder the duty from driving away any part of

This paragraph was written in the year 1775.

that share to other employments. They tend CHAP. not to overturn that balance which naturally establishes itself among all the various employments of the society; but to hinder it from being everturned by the duty. They tend not to destroy, but to preserve, what it is in most cases advantageous to preserve, the natural division and distribution of labour in the society.

The fame thing may be faid of the drawbacks upon the re-exportation of foreign goods imported; which in Great Britain generally amount to by much the largest part of the duty upon importation. By the fecond of the rules annexed to the act of parliament, which imposed, what is now called, the old fubfidy, every merchant, whether English or alien, was allowed to draw back half that duty upon exportation; the English merchant, provided the exportation took place within twelve months; the alien, provided it took place within nine months. Wines, currants, and wrought filks were the only goods which did not fall within this rule, having other and more advantageous allowances. The duties imposed by this act of parliament were, at that time, the only duties upon the importation of foreign goods. The term within which this, and all other drawbacks, could be claimed, was afterwards (by 7 Geo. I. chap. 21. fect. 10.) extended to three years.

The duties which have been imposed fince the old subsidy, are, the greater part of them, wholly drawn back upon exportation. This general rule, however, is liable to a great number BOOK of exceptions, and the doctrine of drawbacks has become a much less simple matter, than it was at their first institution.

Upon the exportation of fome foreign goods, of which it was expected that the importation would greatly exceed what was necessary for the home confumption, the whole duties are drawn back, without retaining even half the old subsidy. Before the revolt of our North American colonies, we had the monopoly of the tobacco of Maryland and Virginia. We imported about ninety-fix thousand hogsheads, and the home consumption was not supposed to exceed four-teen thousand. To facilitate the great exportation which was necessary, in order to rid us of the rest, the whole duties were drawn back, provided the exportation took place within three years.

We ftill have, though not altogether, yet very nearly, the monopoly of the fugars of our West Indian islands. If sugars are exported within a year, therefore, all the duties upon importation are drawn back, and if exported within three years, all the duties, except half the old subsidy, which still continues to be retained upon the exportation of the greater part of goods. Though the importation of sugar exceeds, a good deal, what is necessary for the home consumption, the excess is inconsiderable, in comparison of what it used to be in tobacco.

Some goods, the particular objects of the jealoufy of our own manufacturers, are prohibited to be imported for home confumption. They

may, however, upon paying certain duties, be с н A Р. imported and warehoused for exportation. But upon such exportation, no part of these duties are drawn back. Our manufacturers are unwilling, it feems, that even this reftricted importation should be encouraged, and are afraid left fome part of these goods should be stolen out of the warehouse, and thus come into competition with their own. It is under thefe regulations only that we can import wrought filks, French cambrics and lawns, callicoes painted, printed, flained, or dyed, &c.

We are unwilling even to be the carriers of French goods, and choose rather to forego a profit to ourselves, than to suffer those whom we confider as our enemies, to make any profit by our means. Not only half the old fubfidy, but the fecond twenty-five per cent. is retained upon the exportation of all French goods.

By the fourth of the rules annexed to the old fubfidy, the drawback allowed upon the exportation of all wines amounted to a great deal more than half the duties which were, at that time, paid upon their importation; and it feems, at that time, to have been the object of the legiflature to give fomewhat more than ordinary encouragement to the carrying trade in wine. Several of the other duties too, which were imposed, either at the same time, or subsequent to the old subsidy; what is called the additional duty, the new fubfidy, the one-third and twothirds fubfidies, the impost 1692, the coinage on wine, were allowed to be wholly drawn back

upon

BOOK upon exportation. All those duties, however, except the additional duty and impost 1692, being paid down in ready money, upon importation, the interest of so large a sum occasioned an expence, which made it unreasonable to expect any profitable carrying trade in this article. Only a part, therefore, of the duty called the impost on wine, and no part of the twenty-five pounds the ton upon French wines, or of the duties imposed in 1745, in 1763, and in 1778, were allowed to be drawn back upon exportation. The two imposts of five per cent., imposed in 1779 and 1781, upon all the former duties of customs, being allowed to be wholly drawn back upon the exportation of all other goods, were likewise allowed to be drawn back upon that of wine. The last duty that has been particularly imposed upon wine, that of 1780, is allowed to be wholly drawn back, an indul-gence, which, when fo many heavy duties are retained, most probably could never occasion the exportation of a fingle ton of wine. These rules take place with regard to all places of lawful exportation, except the British colonies in America.

The 15th Charles II. chap. 7., called an act for the encouragement of trade, had given Great Britain the monopoly of supplying the colonies with all the commodities of the growth or manufacture of Europe; and consequently with wines. In a country of so extensive a coast as our North American and West Indian colonies, where our authority was always fo very flender.

flender, and where the inhabitants were allowed CHAP. to carry out, in their own ships, their non-enumerated commodities, at first, to all parts of Europe, and afterwards, to all parts of Europe South of Cape Finisterre, it is not very probable that this monopoly could ever be much refpected; and they probably, at all times, found means of bringing back fome cargo from the countries to which they were allowed to carry out one. They feem however, to have found fome difficulty in importing European wines from the places of their growth, and they could not well import them from Great Britain, where they were loaded with many heavy duties, of which a confiderable part was not drawn back upon exportation. Madeira wine, not being a European commodity, could be imported directly into America and the West Indies, countries which, in all their non-enumerated commodities, enjoyed a free trade to the island of Madeira. These circumstances had probably introduced that general tafte for Madeira wine. which our officers found established in all our colonies at the commencement of the war which began in 1755, and which they brought back with them to the mother-country, where that wine had not been much in fashion before. Upon the conclusion of that war, in 1763 (by the 4th Geo. III. Chap. 15. Sect. 12.), all the duties, except 31. 10s., were allowed to be drawn back, upon the exportation to the colonies of all wines, except French wines, to the commerce and confumption of which, national prejudice would VOL. II. allow

between the granting of this indulgence and the revolt of our North American colonies was probably too fhort to admit of any confiderable change in the customs of those countries.

The same act, which, in the drawback upon all wines, except French wines, thus favoured the colonies so much more than other countries; in those, upon the greater part of other commodities, savoured them much less. Upon the exportation of the greater part of commodities to other countries, half the old subsidy was drawn back. But this law enacted, that no part of that duty should be drawn back upon the exportation to the colonies of any commodities, of the growth or manufacture either of Europe or the East Indies, except wines, white callicoes and muslins.

Drawbacks were, perhaps, originally granted for the encouragement of the carrying trade, which, as the freight of the ships is frequently paid by foreigners in money, was supposed to be peculiarly fitted for bringing gold and silver into the country. But though the carrying trade certainly deserves no peculiar encouragement, though the motive of the institution was, perhaps, abundantly foolish, the institution itself seems reasonable enough. Such drawbacks cannot force into this trade a greater share of the capital of the country than what would have gone to it of its own accord, had there been no duties upon importation. They only prevent its being excluded altogether by those duties.

The

The carrying trade, though it deserves no preference, ought not to be precluded, but to be left free like all other trades. It is a necessary resource for those capitals which cannot find employment either in the agriculture or in the manufactures of the country, either in its home trade or in its foreign trade of consumption.

The revenue of the customs, instead of suffering, profits from such drawbacks, by that part of the duty which is retained. If the whole duties had been retained, the foreign goods upon which they are paid, could seldom have been exported, nor consequently imported, for want of a market. The duties, therefore, of which a part is re-

tained, would never have been paid.

These reasons seem sufficiently to justify draw-backs, and would justify them, though the whole duties, whether upon the produce of domestic industry, or upon foreign goods, were always drawn back upon exportation. The revenue of excise would in this case, indeed, suffer a little, and that of the customs a good deal more; but the natural balance of industry, the natural division and distribution of labour, which is always more or less disturbed by such duties, would be more nearly re-established by such a regulation.

These reasons, however, will justify drawbacks only upon exporting goods to those countries which are altogether foreign and independent, not to those in which our merchants and manufacturers enjoy a monopoly. A drawback, for example, upon the exportation of European goods

BOOK to our American colonies, will not always occafion a greater exportation than what would have taken place without it. By means of the monopoly which our merchants and manufacturers enjoy there, the same quantity might frequently, perhaps, be fent thither, though the whole duties were retained. The drawback, therefore, may frequently be pure loss to the revenue of excise and customs, without altering the state of the trade, or rendering it in any respect more How far fuch drawbacks can be extensive. justified, as a proper encouragement to the induftry of our colonies, or how far it is advantageous to the mother-country, that they should be exempted from taxes which are paid by all the rest of their fellow-subjects, will appear hereafter when I come to treat of colonies.

Drawbacks, however, it must always be underflood, are ufeful only in those cases in which the goods for the exportation of which they are given, are really exported to fome foreign country; and not clandestinely re-imported into our own. That fome drawbacks, particularly those upon tobacco, have frequently been abused in this manner, and have given occasion to many frauds equally hurtful both to the revenue and to the fair trader, is well known.

CHAP. V. Of Bounties.

BOUNTIES upon exportation are, in Great C HAP. Britain, frequently petitioned for, and fometimes granted to the produce of particular branches of domestic industry. By means of them our merchants and manufacturers, it is pretended, will be enabled to fell their goods as cheap or cheaper than their rivals in the foreign market. A greater quantity, it is faid, will thus be exported, and the balance of trade confequently turned more in favour of our own country. We cannot give our workmen a monopoly in the foreign, as we have done in the home market. We cannot force foreigners to buy their goods, as we have done our own countrymen. The next best expedient, it has been thought, therefore, is to pay them for buying. It is in this manner that the mercantile fystem proposes to enrich the whole country, and to put money into all our pockets by means of the balance of trade.

Bounties, it is allowed, ought to be given to those branches of trade only which cannot be carried on without them. But every branch of trade in which the merchant can fell his goods for a price which replaces to him, with the ordinary profits of flock, the whole capital employed in preparing and sending them to market, can be

carried

BOOK carried on without a bounty. Every fuch branch IV. is evidently upon a level with all the other branches of trade which are carried on without bounties, and cannot therefore require one more than they. Those trades only require bounties in which the merchant is obliged to fell his goods for a price which does not replace to him his capital, together with the ordinary profit; or in which he is obliged to fell them for less than it really costs him to fend them to market. The bounty is given in order to make up this lofs, and to encourage him to continue, or perhaps to begin, a trade of which the expence is supposed to be greater than the returns, of which every operation eats up a part of the capital employed in it, and which is of fuch a nature, that, if all other trades refembled it, there would foon be no capital left in the country.

The trades, it is to be observed, which are carried on by means of bounties, are the only ones which can be carried on between two nations for any confiderable time together, in fuch a manner as that one of them shall always and regularly lofe, or fell its goods for lefs than it really costs to fend them to market. But if the bounty did not repay to the merchant what he would otherwife lofe upon the price of his goods, his own interest would foon oblige him to employ his flock in another way, or to find out a trade in which the price of the goods would replace to him, with the ordinary profit, the capital employed in fending them to market. The effect of bounties, like that of all the other expedients

expedients of the mercantile fystem, can only be C H A P. to force the trade of a country into a channel much less advantageous than that in which it would naturally run of its own accord.

The ingenious and well-informed author of the tracts upon the corn-trade has shown very clearly, that fince the bounty upon the exportation of corn was first established, the price of the corn exported, valued moderately enough, has exceeded that of the corn imported, valued very high, by a much greater fum than the amount of the whole bounties which have been paid during that period. This, he imagines, upon the true principles of the mercantile fystem, is a clear proof that this forced corn trade is beneficial to the nation; the value of the exportation exceeding that of the importation by a much greater fum than the whole extraordinary expence which the public has been at in order to get it exported. He does not confider that this extraordinary expence, or the bounty, is the fmallest part of the expence which the exportation of corn really costs the fociety. The capital which the farmer employed in raifing it, must likewise be taken into the account. Unless the price of the corn when fold in the foreign markets replaces, not only the bounty, but this capital, together with the ordinary profits of flock, the fociety is a lofer by the difference, or the national flock is fo much diminished. But the very reason for which it has been thought necessary to grant a bounty, is the supposed insufficiency of the price to do this.

IV.

BOOK The average price of corn, it has been faid, has fallen confiderably fince the establishment of the bounty. That the average price of corn began to fall fomewhat towards the end of the last century, and has continued to do fo during the course of the fixty-four first years of the present, I have already endeavoured to show. But this event, supposing it to be as real as I believe it to be, must have happened in spite of the bounty, and cannot possibly have happened in confequence of it. It has happened in France, as well as in England, though in France there was, not only no bounty, but, till 1764, the exportation of corn was fubjected to a general prohibition. This gradual fall in the average price of grain, it is probable, therefore, is ultimately owing neither to the one regulation nor to the other, but to that gradual and infenfible rife in the real value of filver, which, in the first book of this discourse, I have endeavoured to show has taken place in the general market of Europe, during the course of the present century. It feems to be altogether impossible that the bounty could ever contribute to lower the price of grain.

In years of plenty, it has already been observed, the bounty, by occasioning an extraor-dinary exportation, necessarily keeps up the price of corn in the home market above what it would naturally fall to. To do fo was the avowed purpose of the institution. In years of scarcity, though the bounty is frequently suspended, yet the great exportation which it occasions in years

of plenty, must frequently hinder more or less C H A P. the plenty of one year from relieving the scarcity of another. Both in years of plenty, and in years of scarcity, therefore, the bounty necessarily tends to raise the money price of corn somewhat higher than it otherwise would be in the home market.

That, in the actual state of tillage, the bounty must necessarily have this tendency, will not, I apprehend, be disputed by any reasonable person. But it has been thought by many people that it tends to encourage tillage, and that in two different ways; first, by opening a more extenfive foreign market to the corn of the farmer, it tends, they imagine, to increase the demand for, and confequently the production of that commodity; and fecondly, by fecuring to him a better price than he could otherwise expect in the actual flate of tillage, it tends, they fuppose, to encourage tillage. This double encouragement must, they imagine, in a long period of years, occasion such an increase in the production of corn, as may lower its price in the home market, much more than the bounty can raife it, in the actual state which tillage may, at the end of that period, happen to be in.

I answer, that whatever extension of the foreign market can be occasioned by the bounty, must, in every particular year, be altogether at the expence of the home market; as every bushel of corn which is exported by means of the bounty, and which would not have been exported without the bounty, would have remained in the

home

BOOK home market to increase the confumption, and to lower the price of that commodity. The corn bounty, it is to be observed, as well as every other bounty upon exportation, impofes two different taxes upon the people; first, the tax which they are obliged to contribute, in order to pay the bounty; and fecondly, the tax which arises from the advanced price of the commodity in the home market, and which, as the whole body of the people are purchasers of corn, must, in this particular commodity, be paid by the whole body of the people. In this particular commodity, therefore, this fecond tax is by much the heaviest of the two. Let us suppose that, taking one year with another, the bounty of five shillings upon the exportation of the quarter of wheat, raises the price of that commodity in the home market only fixpence the bushel, or four shillings the quarter, higher than it otherways would have been in the actual flate of the crop. Even upon this very moderate supposition, the great body of the people, over and above contributing the tax which pays the bounty of five shillings upon every quarter of wheat exported, must pay another of four fhillings upon every quarter which they themfelves confume. But, according to the very well informed author of the tracts upon the corntrade, the average proportion of the corn exported to that confumed at home, is not more than that of one to thirty-one. For every five fhillings, therefore, which they contribute to the payment of the first tax, they must contribute six pounds

pounds four shillings to the payment of the CHAP. fecond. So very heavy a tax upon the first neceffary of life, must either reduce the subsistence of the labouring poor, or it must occasion some augmentation in their pecuniary wages, proportionable to that in the pecuniary price of their fubfiftence. So far as it operates in the one way, it must reduce the ability of the labouring poor to educate and bring up their children, and must, so far, tend to restrain the population of the country. So far as it operates in the other, it must reduce the ability of the employers of the poor, to employ fo great a number as they otherwise might do, and must, so far, tend to restrain the industry of the country. The extraordinary exportation of corn, therefore, occafioned by the bounty, not only, in every particular year, diminishes the home, just as much as it extends the foreign market and confumption, but, by reftraining the population and industry of the country, its final tendency is to funt and reftrain the gradual extension of the home market; and thereby, in the long run, rather to diminish, than to augment, the whole market and confumption of corn.

This enhancement of the money price of corn, however, it has been thought, by rendering that commodity more profitable to the farmer, must necessarily encourage its production.

I answer, that this might be the case if the effect of the bounty was to raise the real price of corn, or to enable the farmer, with an equal quantity of it, to maintain a greater number

BOOK of labourers in the fame manner, whether liberal, moderate, or scanty, that other labourers are commonly maintained in his neighbourhood. But neither the bounty, it is evident, nor any other human institution, can have any such effect. It is not the real, but the nominal price of corn, which can in any considerable degree be effected by the bounty. And though the tax which that institution imposes upon the whole body of the people, may be very burdensome to those who pay it, it is of very little advantage to those who receive it.

The real effect of the bounty is not fo much to raise the real value of corn, as to degrade the real value of filver; or to make an equal quantity of it exchange for a smaller quantity, not only of corn, but of all other home-made commodities: for the money price of corn regulates that of all other home-made commodities.

It regulates the money price of labour, which must always be such as to enable the labourer to purchase a quantity of corn sufficient to maintain him and his family either in the liberal, moderate, or scanty manner in which the advancing, stationary or declining circumstances of the society oblige his employers to maintain him.

It regulates the money price of all the other parts of the rude produce of land, which, in every period of improvement, must bear a certain proportion to that of corn, though this proportion is different in different periods. It regulates, for example, the money price of grass and hay, of butcher's meat, of horses, and the

main-

maintenance of horses, of land carriage consecutive, or of the greater part of the inland commerce of the country.

By regulating the money price of all the other parts of the rude produce of land, it regulates that of the materials of almost all manufactures. By regulating the money price of labour, it regulates that of manufacturing art and industry. And by regulating both, it regulates that of the complete manufacture. The money price of labour, and of every thing that is the produce either of land or labour, must necessarily either rife or fall in proportion to the money price of corn.

Though in confequence of the bounty, therefore, the farmer should be enabled to fell his corn for four shillings a bushel instead of three and fixpence, and to pay his landlord a money rent proportionable to this rife in the money price of his produce; yet if, in consequence of this rife in the price of corn, four shillings will purchase no more home-made goods of any other kind than three and fixpence would have done before. neither the circumstances of the farmer, nor those of the landlord, will be much mended by this change. The farmer will not be able to cultivate much better: the landlord will not be able to live much better. In the purchase of foreign commodities this enhancement in the price of corn may give them fome little advantage. In that of home-made commodities it can give them none at all. And almost the whole expence of the farmer, and the far greater part even of that of the landlord, is in home-made commodities.

That

BOOK That degradation in the value of filver which is the effect of the fertility of the mines, and which operates equally, or very near equally, through the greater part of the commercial world, is a matter of very little confequence to any par-ticular country. The confequent rife of all money prices, though it does not make those who receive them really richer, does not make them really poorer. A fervice of plate becomes really cheaper, and every thing elfe remains precifely of the fame real value as before.

> But that degradation in the value of filver which, being the effect either of the peculiar fituation, or of the political inflitutions of a particular country, takes place only in that country, is a matter of very great consequence, which, far from tending to make any body really richer, tends to make every body really poorer. The rife in the money price of all commodities, which is in this case peculiar to that country, tends to discourage more or less every fort of industry which is carried on within it, and to enable foreign nations, by furnishing almost all forts of goods for a fmaller quantity of filver than its own workmen can afford to do, to underfell them, not only in the foreign, but even in the home market.

> It is the peculiar fituation of Spain and Portugal as proprietors of the mines, to be the diftributors of gold and filver to all the other countries of Europe. Those metals ought naturally, therefore, to be fomewhat cheaper in Spain and Portugal than in any other part of

Europe. The difference, however, should be C HAP. no more than the amount of the freight and infurance; and, on account of the great value and small bulk of those metals, their freight is no great matter, and their insurance is the same as that of any other goods of equal value. Spain and Portugal, therefore, could suffer very little from their peculiar situation, if they did not aggravate its disadvantages by their political institutions.

Spain by taxing, and Portugal by prohibiting the exportation of gold and filver, load that exportation with the expence of fmuggling, and raife the value of those metals in other countries fo much more above what it is in their own, by the whole amount of this expence. When you dam up a ftream of water, as foon as the dam is full, as much water must run over the damhead as if there was no dam at all. The prohibition of exportation cannot detain a greater quantity of gold and filver in Spain and Portugal than what they can afford to employ, than what the annual produce of their land and labour will allow them to employ, in coin, plate, gilding, and other ornaments of gold and filver. When they have got this quantity the dam is full, and the whole stream which flows in afterwards must run over. The annual exportation of gold and filver from Spain and Portugal accordingly is, by all accounts, notwithflanding these restraints, very near equal to the whole annual importation. As the water, however,

BOOK however, must always be deeper behind the dam-head than before it, fo the quantity of gold and filver which these restraints detain in Spain and Portugal must, in proportion to the annual produce of their land and labour, be greater than what is to be found in other countries. The higher and stronger the dam-head, the greater must be the difference in the depth of water behind and before it. The higher the tax, the higher the penalties with which the prohibition is guarded, the more vigilant and fevere the police which looks after the execution of the law, the greater must be the difference in the proportion of gold and filver to the annual produce of the land and labour of Spain and Portugal, and to that of other countries. It is faid accordingly to be very confiderable, and that you frequently find there a profusion of plate in houses, where there is nothing else which would, in other countries, be thought fuitable or correspondent to this fort of magnificence. The cheapness of gold and filver, or what is the same thing, the dearness of all commodities, which is the necessary effect of this redundancy of the precious metals, discourages both the agriculture and manufactures of Spain and Portugal, and enables foreign nations to fupply them with many forts of rude, and with almost all forts of manufactured produce, for a fmaller quantity of gold and filver than what they themselves can either raife or make them for at home. The tax and prohibition operate in two different ways. They

not only lower very much the value of the CHAP. precious metals in Spain and Portugal, but by V. detaining there a certain quantity of those metals which would otherwife flow over other countries, they keep up their value in those other countries fomewhat above what it otherwise would be, and thereby give those countries a double advantage in their commerce with Spain and Portugal. Open the flood-gates, and there will prefently be lefs water above, and more below, the dam-head, and it will foon come to a level in both places. Remove the tax and the prohibition, and as the quantity of gold and filver will diminish considerably in Spain and Portugal, fo it will increase somewhat in other countries, and the value of those metals, their proportion to the annual produce of land and labour, will foon come to a level, or very near to a level, in all. The lofs which Spain and Portugal could fustain by this exportation of their gold and filver would be altogether nominal and imaginary. The nominal value of their goods, and of the annual produce of their land and labour, would fall, and would be expressed or represented by a fmaller quantity of filver than before: but their real value would be the same as before, and would be fufficient to maintain, command, and employ, the same quantity of labour. As the nominal value of their goods would fall, the real value of what remained of their gold and filver would rife, and a fmaller quantity of those metals would answer all the same purposes of commerce and circulation which had employed a

BOOK greater quantity before. The gold and filver which would go abroad would not go abroad for nothing, but would bring back an equal value of goods of some kind or another. Those goods too would not be all matters of mere luxury and expence, to be confumed by idle people who produce nothing in return for their confumption. As the real wealth and revenue of idle people would not be augmented by this extraordinary exportation of gold and filver, fo neither would their confumption be much augmented by it. Those goods would, probably, the greater part of them, and certainly some part of them, confift in materials, tools, and provisions, for the employment and maintenance of industrious people, who would reproduce, with a profit, the full value of their confumption. A part of the dead stock of the society would thus be turned into active stock, and would put into motion a greater quantity of industry than had been employed before. The annual produce of their land and labour would immediately be augmented a little, and in a few years would, probably, be augmented a great deal; their industry being thus relieved from one of the most oppresiive burdens which it at present labours under.

The bounty upon the exportation of corn necessarily operates exactly in the same way as this absurd policy of Spain and Portugal-Whatever be the actual state of tillage, it renders our corn fomewhat dearer in the home market than it otherwise would be in that state, and

fomewhat cheaper in the foreign; and as the CHAP. average money price of corn regulates more or less that of all other commodities, it lowers the value of filver confiderably in the one, and tends to raife it a little in the other. It enables foreigners, the Dutch in particular, not only to eat our corn cheaper than they otherwife could do, but fometimes to eat it cheaper than even our own people can do upon the fame occasions; as we are affured by an excellent authority, that of Sir Matthew Decker. It hinders our own workmen from furnishing their goods for fo fmall a quantity of filver as they otherwife might do; and enables the Dutch to furnish their's for a fmaller. It tends to render our manufactures fomewhat dearer in every market, and their's fomewhat cheaper than they otherwise would be, and confequently to give their industry a double advantage over our own.

The bounty, as it raises in the home market, not so much the real, as the nominal price of our corn, as it augments, not the quantity of labour which a certain quantity of corn can maintain and employ, but only the quantity of silver which it will exchange for, it discourages our manusactures, without rendering any considerable service either to our farmers or country gentlemen. It puts, indeed, a little more money into the pockets of both, and it will perhaps be somewhat difficult to persuade the greater part of them that this is not rendering them a very considerable service. But if this money sinks in its value, in the quantity of labour, provisions,

BOOK and home-made commodities of all different kinds which it is capable of purchasing, as much as it rifes in its quantity, the service will be little more than nominal and imaginary.

There is, perhaps, but one fet of men in the whole commonwealth to whom the bounty either was or could be effentially ferviceable. These were the corn merchants, the exporters and importers of corn. In years of plenty the bounty necessarily occasioned a greater exportation than would otherwise have taken place; and by hindering the plenty of one year from relieving the fcarcity of another, it occasioned in years of fcarcity a greater importation than would otherwife have been necessary. It increased the bufiness of the corn merchant in both; and in years of fcarcity, it not only enabled him to import a greater quantity, but to fell it for a better price, and confequently with a greater profit than he could otherwise have made, if the plenty of one year had not been more or less hindered from relieving the fcarcity of another. It is in this fet of men, accordingly, that I have observed the greatest zeal for the continuance or renewal of the bounty.

Our country gentlemen, when they imposed the high duties upon the importation of foreign corn, which in times of moderate plenty amount to a prohibition, and when they established the bounty, seem to have imitated the conduct of our manufacturers. By the one institution, they secured to themselves the monopoly of the home market, and by the other they endeavoured

to prevent that market from ever being over- CHAP. flocked with their commodity. By both they endeavoured to raise its real value, in the same manner as our manufacturers had, by the like inftitutions, raifed the real value of many different forts of manufactured goods. They did not perhaps attend to the great and effential difference which nature has established between corn and almost every other fort of goods. When, either by the monopoly of the home market, or by a bounty upon exportation, you enable our woollen or linen manufacturers to fell their goods for fomewhat a better price than they otherwife could get for them, you raife, not only the nominal, but the real price of those goods. You render them equivalent to a greater quantity of labour and fubfiftence, you encrease not only the nominal, but the real profit, the real wealth and revenue of those manufacturers, and you enable them either to live better themselves, or to employ a greater quantity of labour in those particular manufactures. You really encourage those manufactures, and direct towards them a greater quantity of the industry of the country, than what would probably go to them of its own accord. But when by the like inftitutions you raife the nominal or money-price of corn, you do not raife its real value. You do not increase the real wealth, the real revenue either of our farmers or country gentlemen. You do not encourage the growth of corn, because you do not enable them to maintain and employ more labourers in raifing it. The nature

BOOK of things has flamped upon corn a real value which cannot be altered by merely altering its money price. No bounty upon exportation, no monopoly of the home market, can raise that value. The freeft competition cannot lower it. Through the world in general that value is equal to the quantity of labour which it can maintain, and in every particular place it is equal to the quantity of labour which it can maintain in the way, whether liberal, moderate, or fcanty, in which labour is commonly maintained in that place. Woollen or linen cloth are not the regulating commodities by which the real value of all other commodities must be finally measured and determined; corn is. The real value of every other commodity is finally measured and determined by the proportion which its average money price bears to the average money price of corn. The real value of corn does not vary with those variations in its average money price, which fometimes occur from one century to another. It is the real value of filver which varies with them.

Bounties upon the exportation of any homemade commodity are liable, first, to that general objection which may be made to all the different expedients of the mercantile fystem; the objection of forcing some part of the industry of the country into a channel less advantageous than that in which it would run of its own accord: and, fecondly, to the particular objection of forcing it, not only into a channel that is less advantageous, but into one that is actually dif-

advan.

advantageous; the trade which cannot be carried C HAP. on but by means of a bounty being necessarily a losing trade. The bounty upon the exportation of corn is liable to this further objection, that it can in no respect promote the raising of that particular commodity of which it was meant to encourage the production. When our country gentlemen, therefore, demanded the establishment of the bounty, though they acted in imitation of our merchants and manufacturers, they did not act with that complete comprehension of their own interest which commonly directs the conduct of those two other orders of people. They loaded the public revenue with a very confiderable expence; they imposed a very heavy tax upon the whole body of the people; but they did not, in any fenfible degree, increase the real value of their own commodity; and by lowering fomewhat the real value of filver, they difcouraged, in fome degree, the general industry of the country, and, instead of advancing, retarded more or less the improvement of their own lands, which necessarily depends upon the general industry of the country.

To encourage the production of any commodity, a bounty upon production, one should imagine, would have a more direct operation, than one upon exportation. It would, besides, impose only one tax upon the people, that which they must contribute in order to pay the bounty. Instead of raising, it would tend to lower the price of the commodity in the home market; and thereby, instead of imposing a second tax

BOOK upon the people, it might, at least in part, repay them for what they had contributed to the first. Bounties upon production, however, have been very rarely granted. The prejudices established by the commercial fystem have taught us to believe, that national wealth arises more immediately from exportation than from production. It has been more favoured accordingly, as the more immediate means of bringing money into the country. Bounties upon production, it has been faid too, have been found by experience more liable to frauds than those upon exportation. How far this is true, I know not. That bounties upon exportation have been abused to many fraudulent purposes, is very well known. But it is not the interest of merchants and manufacturers, the great inventors of all these expedients, that the home market fhould be overflocked with their goods, an event which a bounty upon production might fometimes occasion. A bounty upon exportation, by enabling them to fend abroad the furplus part, and to keep up the price of what remains in the home market, effectually prevents this. Of all the expedients of the mercantile fystem, accordingly, it is the one of which they are the fondest. I have known the different undertakers of fome particular works agree privately among themfelves to give a bounty out of their own pockets upon the exportation of a certain proportion of the goods which they dealt in. This expedient fucceeded fo well, that it more than doubled the price of their goods in the home market, notwithstanding

withstanding a very considerable increase in the CHAP. produce. The operation of the bounty upon corn must have been wonderfully different, if it has lowered the money price of that commodity.

Something like a bounty upon production, however, has been granted upon fome particular occasions. The tonnage bounties given to the white-herring and whale-fisheries may, perhaps, be confidered as fomewhat of this nature. They tend directly, it may be supposed, to render the goods cheaper in the home market than they otherwife would be. In other respects their effects, it must be acknowledged, are the same as those of bounties upon exportation. 'By means of them a part of the capital of the country is

employed in bringing goods to market, of which the price does not repay the cost, together with the ordinary profits of flock.

But though the tonnage bounties to those fisheries do not contribute to the opulence of the nation, it may perhaps be thought that they contribute to its defence, by augmenting the number of its failors and fhipping. This, it may be alleged, may fometimes be done by means of fuch bounties at a much fmaller expence, than by keeping up a great standing navy, if I may use such an expression, in the fame way as a flanding army.

Notwithstanding these favourable allegations, however, the following confiderations dispose me to believe, that in granting at least one of these bounties, the legislature has been very grossly

imposed upon.

BOOK IV.

First, the herring buss bounty seems too large. From the commencement of the winter fishing 1771 to the end of the winter fishing 1781, the tonnage bounty upon the herring bufs fifhery has been at thirty shillings the ton. During these eleven years the whole number of barrels caught by the herring buss fishery of Scotland amounted to 378,347. The herrings caught and cured at fea, are called fea flicks. In order to render them what are called merchantable herrings, it is necessary to repack them with an additional quantity of falt; and in this cafe, it is reckoned, that three barrels of fea flicks, are usually repacked into two barrels of merchantable herrings. The number of barrels of merchantable herrings, therefore, caught during these eleven years, will amount only, according to this account, to 252,2311. During these eleven years the tonnage bounties paid amounted to 155,463l. 11s. or to 8s. 21d. upon every barrel of fea flicks, and to 12s. 33d. upon every barrel of merchantable herrings.

The falt with which these herrings are cured, is sometimes Scotch, and sometimes foreign salt; both which are delivered free of all excise duty to the fish-curers. The excise duty upon Scotch salt is at present 1s. 6d. that upon foreign salt 10s. the bushel. A barrel of herrings is supposed to require about one bushel and one-sourth of a bushel foreign salt. Two bushels are the supposed average of Scotch salt. If the herrings are entered for exportation, no part of this duty is paid up; if entered for home consumption,

whether

whether the herrings were cured with foreign or C HAP. with Scotch falt, only one shilling the barrel is paid up. It was the whole Scotch duty upon a bushel of falt, the quantity which, at a low estimation, had been supposed necessary for curing a barrel of herrings. In Scotland, foreign falt is very little used for any other purpose but the curing of fish. But from the 5th April 1771, to the 5th April 1782, the quantity of foreign falt imported amounted to 936,974 bushels, at eighty-four pounds the bushel: the quantity of Scotch falt delivered from the works to the fiftcurers, to no more than 168,226, at fifty-fix pounds the bushel only. It would appear, therefore, that it is principally foreign falt that is used in the fisheries. Upon every barrel of herrings exported there is, befides, a bounty of 28, 8d, and more than two-thirds of the bufs caught herrings are exported. Put all thefe things together, and you will find that, during these eleven years, every barrel of buss caught herrings, cured with Scotch falt when exported, has cost government 17s. $11\frac{3}{4}d$.; and when entered for home confumption 14s. $3\frac{3}{4}d$: and that every barrel cured with foreign falt, when exported, has cost government 11. 7s. 53d.; and when entered for home confumption 11. 3s. $9\frac{3}{4}d$. The price of a barrel of good merchantable herrings runs from feventeen and eighteen to four and five and twenty shillings; about a guinea at an average*.

^{*} See the accounts at the end of the volume.

BOOK Secondly, the bounty to the white herring fishery is a tonnage bounty; and is proportioned to the burden of the ship, not to her diligence or fuccess in the fishery; and it has, I am afraid, been too common for vessels to fit out for the fole purpose of catching, not the fish, but the bounty. In the year 1759, when the bounty was at fifty shillings the ton, the whole buss fishery of Scotland brought in only four barrels of fea flicks. In that year each barrel of fea flicks coft government in bounties alone 1131. 158.; each barrel of merchantable herrings 159l. 7s. 6d.

Thirdly, the mode of fishing for which this tonnage bounty in the white herring fishery has been given (by buffes or decked veffels from twenty to eighty tons burthen), feems not fo well adapted to the fituation of Scotland as to that of Holland; from the practice of which country it appears to have been borrowed. Holland lies at a great diftance from the feas to which herrings are known principally to refort; and can, therefore, carry on that fishery only in decked vessels, which can carry water and provisions fufficient for a voyage to a diftant fea. But the Hebrides or western islands, the islands of Shetland, and the northern and north-western coasts of Scotland, the countries in whose neighbourhood the herring fifthery is principally carried on, are every where interfected by arms of the fea, which run up a confiderable way into the land, and, which, in the language of the country, are called fea-lochs. It is to thefe fea-lochs that the herrings principally refort during the fea-

fons

fons in which they visit those seas; for the visits CHAP. of this, and, I am affured, of many other forts of fish, are not quite regular and constant. A boat fishery, therefore, feems to be the mode of fishing best adapted to the peculiar situation of Scotland: the fishers carrying the herrings on fhore, as fast as they are taken, to be either cured or confumed fresh. But the great encouragement which a bounty of thirty shillings the ton gives to the bufs fifhery, is necessarily a difcouragement to the boat fishery; which, having no fuch bounty, cannot bring its cured fish to market upon the fame terms as the buss fishery. The boat fifhery, accordingly, which, before the establishment of the buss bounty, was very confiderable, and is faid to have employed a number of feamen, not inferior to what the buss fishery employs at prefent, is now gone almost entirely to decay. Of the former extent, however, of this now ruined and abandoned fishery, I must acknowledge, that I cannot pretend to speak with much precision. As no bounty was paid upon the outfit of the boat-fifhery, no account was taken of it by the officers of the customs or falt duties.

Fourthly, in many parts of Scotland, during certain feafons of the year, herrings make no inconfiderable part of the food of the common people. A bounty, which tended to lower their price in the home market, might contribute a good deal to the relief of a great number of our fellow-fubjects, whose circumstances are by no means affluent. But the herring bus bounty contributes to no such good purpose. It has ruined the boat fishery, which is, by far, the

BOOK best adapted for the supply of the home market, and the additional bounty of 2s. 8d. the barrel upon exportation, carries the greater part, more than two thirds, of the produce of the buss fishery abroad. Between thirty and forty years ago, before the establishment of the buss bounty, fixteen shillings the barrel, I have been assured, was the common price of white herrings. Between ten and fifteen years ago, before the boat fishery was entirely ruined, the price is faid to have run from feventeen to twenty shillings the barrel. For these last five years, it has, at an average, been at twenty-five shillings the barrel. This high price, however, may have been owing to the real fcarcity of the herrings upon the coast of Scotland. I must observe too, that the cask or barrel, which is usually fold with the herrings, and of which the price is included in all the foregoing prices, has, fince the commencement of the American war, rifen to about double its former price, or from about three shillings to about fix shillings. I must likewife observe, that the accounts I have received of the prices of former times, have been by no means quite uniform and confiftent; and an old man of great accuracy and experience has affured me, that more than fifty years ago, a guinea was the usual price of a barrel of good merchantable herrings; and this, I imagine, may still be looked upon as the average price. All accounts, however, I think, agree, that the price has not been lowered in the home market, in confequence of the buss bonnty.

When the undertakers of fisheries, after such CHAP. liberal bounties have been bestowed upon them, continue to sell their commodity at the same, or even at a higher price than they were accustomed to do before, it might be expected that their profits should be very great; and it is not improbable that those of some individuals may have been fo. In general, however, I have every reason to believe, they have been quite otherwife. The usual effect of such bounties is to encourage rash undertakers to adventure in a business which they do not understand, and what they lose by their own negligence and ignorance, more than compensates all that they can gain by the utmost liberality of government. In 1750, by the same act which first gave the bounty of thirty shillings the ton for the encouragement of the white herring fishery (the 23 Geo. II. chap. 24.), a joint stock company was erected, with a capital of five hundred thoufand pounds, to which the fubfcribers (over and above all other encouragements, the tonnage bounty just now mentioned, the exportation bounty of two shillings and eight pence the bar-rel, the delivery of both British and foreign salt duty free,) were, during the space of fourteen years, for every hundred pounds which they subscribed and paid into the stock of the society, entitled to three pounds a year, to be paid by the receiver-general of the customs in equal half-yearly payments. Besides this great company, the residence of whose governor and directors was to be in London, it was declared lawful

BOOK lawful to erect different fishing-chambers in all the different out-ports of the kingdom, provided . a fum not less than ten thousand pounds was subscribed into the capital of each, to be managed at its own risk, and for its own profit and loss. The fame annuity, and the fame encouragements of all kinds, were given to the trade of those inferior chambers, as to that of the great company. The fubscription of the great company was foon filled up, and feveral different fishing-chambers were crected in the different out-ports of the kingdom. In spite of all these encouragements, almost all those different companies, both great and fmall, loft either the whole, or the greater part of their capitals; fcarce a veftige now remains of any of them, and the white herring fifhery is now entirely, or almost entirely, carried on by private adventurers.

> If any particular manufacture was necessary, indeed, for the defence of the fociety, it might not always be prudent to depend upon our neighbours for the fupply; and if fuch manufacture could not otherwife be supported at home, it might not be unreasonable that all the other branches of industry should be taxed in order to support it. The bounties upon the exportation of British-made fail-cloth, and Brirish-made gun-powder, may, perhaps, both be vindicated upon this principle.

> But though it can very feldom be reasonable to tax the industry of the great body of the people, in order to support that of some par

ticular class of manufacturers; yet in the wantonness of great prosperity, when the public enjoys a greater revenue than it knows well what to do with, to give such bounties to favourite manufactures, may, perhaps, be as natural, as to incur any other idle expence. In public, as well as in private expences, great wealth may, perhaps, frequently be admitted as an apology for great folly. But there must surely be something more than ordinary absurdity, in continuing such prosusion in times of general difficulty and distress.

What is called a bounty is fometimes no more than a drawback, and confequently is not liable to the same objections as what is properly a bounty. The bounty, for example, upon refined fugar exported, may be confidered as a drawback of the duties upon the brown and muscovado fugars, from which it is made. The bounty upon wrought filk exported, a drawback of the duties upon raw and thrown filk imported. The bounty upon gunpowder exported, a drawback of the duties upon brimstone and faltpetre imported. In the language of the customs those allowances only are called drawbacks, which are given upon goods exported in the fame form in which they are imported. When that form has been fo altered by manufacture of any kind, as to come under a new denomination, they are called bounties.

Premiums given by the public to artists and manufacturers who excel in their particular occupations, are not liable to the same objections

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BOOK as bounties. By encouraging extraordinary dexterity and ingenuity, they ferve to keep up the emulation of the workmen actually employed in those respective occupations, and are not confiderable enough to turn towards any one of them a greater share of the capital of the country than what would go to it of its own accord. Their tendency is not to overturn the natural balance of employments, but to render the work which is done in each as perfect and complete as possible. The expence of premiums, besides, is very trifling; that of bounties very great. The bounty upon corn alone has fometimes cost the public in one year more than three hundred thousand pounds.

> Bounties are fometimes called premiums, as drawbacks are fometimes called bounties. But we must in all cases attend to the nature of the thing, without paying any regard to the

word.

Digression concerning the Corn Trade and Corn Laws.

I CANNOT conclude this chapter concerning bounties, without observing that the praises which have been bestowed upon the law which establishes the bounty upon the exportation of corn, and upon that system of regulations which is connected with it, are altogether unmerited. A particular examination of the nature of the corn trade, and of the principal British laws which relate to it, will fufficiently demonstrate

the truth of this affertion. The great importance C HAP. of this subject must justify the length of the di-

greffion.

The trade of the corn merchant is composed of four different branches, which, though they may sometimes be all carried on by the same person, are in their own nature four separate and distinct trades. These are, first, the trade of the inland dealer; secondly, that of the merchant importer for home consumption; thirdly, that of the merchant exporter of home produce for soreign consumption; and, sourthly, that of the merchant carrier, or of the importer of corn in order to export it again.

I. The interest of the inland dealer, and that of the great body of the people, how opposite foever they may at first fight appear, are, even in years of the greatest scarcity, exactly the same. It is his interest to raise the price of his corn as high as the real fcarcity of the feafon requires, and it can never be his interest to raise it higher. By raifing the price he discourages the consumption, and puts every body, more or lefs, but particularly the inferior ranks of people, upon thrift and good management. If, by raifing it too high, he discourages the confumption so much, that the fupply of the feafon is likely to go beyond the confumption of the feafon, and to last for fome time after the next crop begins to come in, he runs the hazard, not only of lofing a confiderable part of his corn by natural causes, but of being obliged to fell what remains of it for much less than what he might have had

BOOK for it feveral months before. If by not raifing the price high enough he discourages the confumption fo little, that the fupply of the feafon is likely to fall fhort of the confumption of the feafon, he not only loses a part of the profit which he might otherwise have made, but he exposes the people to fuffer before the end of the feafon, inftead of the hardships of a dearth, the dreadful horrors of a famine. It is the interest of the people, that their daily, weekly, and monthly confumption, should be proportioned as exactly as possible to the supply of the season. The interest of the inland corn dealer is the same. By fupplying them, as nearly as he can judge, in this proportion, he is likely to fell all his corn for the highest price, and with the greatest profit; and his knowledge of the flate of the crop, and of his daily, weekly, and monthly fales, enable him to judge, with more or less accuracy, how far they really are supplied in this manner. Without intending the interest of the people, he is necessarily led, by a regard to his own interest, to treat them, even in years of scarcity, pretty much in the same manner as the prudent master of a yessel is sometimes obliged to treat his crew. When he foresees that provisions are likely to run fhort, he puts them upon fhort allowance. Though from excess of caution he should fometimes do this without any real neceffity, yet all the inconveniencies which his crew can thereby fuffer are inconfiderable, in comparison of the danger, misery, and ruin, to which they might fometimes be exposed by a less provident

provident conduct. Though from excess of CHAP. avarice, in the fame manner, the inland corn ... merchant should fometimes raise the price of his corn fomewhat higher than the fcarcity of the feafon requires, yet all the inconveniencies which the people can fuffer from this conduct, which effectually fecures them from a famine in the end of the feafon, are inconfiderable, in comparifon of what they might have been exposed to by a more liberal way of dealing in the beginning of it. The corn merchant himfelf is likely to fuffer the most by this excess of avarice; not only from the indignation which it generally excites against him, but, though he should escape the effects of this indignation, from the quantity of corn which it necessarily leaves upon his hands in the end of the feafon, and which, if the next feafon happens to prove favourable, he must always fell for a much lower price than he might otherwife have had.

Were it possible, indeed, for one great company of merchants to possess themselves of the whole crop of an extensive country, it might, perhaps, be their interest to deal with it as the Dutch are said to do with the spiceries of the Moluccas, to destroy or throw away a considerable part of it, in order to keep up the price of the rest. But it is scarce possible, even by the violence of law, to establish such an extensive monopoly with regard to corn; and, wherever the law leaves the trade free, it is of all commodities the least liable to be engrossed or monopolized by the force of a few large capitals,

BOOK which buy up the greater part of it. Not only its value far exceeds what the capitals of a few private men are capable of purchasing, but suppofing they were capable of purchafing it, the manner in which it is produced renders this purchase altogether impracticable. As in every civilized country it is the commodity of which the annual confumption is the greatest, so a greater quantity of industry is annually employed in producing corn than in producing any other commodity. When it first comes from the ground too, it is necessarily divided among a greater number of owners than any other commodity; and these owners can never be collected into one place like a number of independent manufacturers, but are necessarily scattered through all the different corners of the country. Thefe first owners either immediately supply the confumers in their own neighbourhood, or they fupply other inland dealers, who fupply those confumers. The inland dealers in corn, therefore, including both the farmer and the baker, are necessarily more numerous than the dealers in any other commodity, and their dispersed situation renders it altogether impossible for them to enter into any general combination. If in a year of fcarcity, therefore, any of them should find that he had a good deal more corn upon hand than, at the current price, he could hope to difpose of before the end of the season, he would never think of keeping up this price to his own lofs, and to the fole benefit of his rivals and competitors, but would immediately lower

it, in order to get rid of his corn before the new C HAP. crop began to come in. The fame motives, the fame interests, which would thus regulate the conduct of any one dealer, would regulate that of every other, and oblige them all in general to sell their corn at the price which, according to the best of their judgment, was most suitable to the scarcity or plenty of the season.

Whoever examines, with attention, the history of the dearths and famines which have afflicted any part of Europe, during either the course of the prefent, or that of the two preceding centuries, of feveral of which we have pretty exact accounts, will find, I believe, that a dearth never has arisen from any combination among the inland dealers in corn, nor from any other caufe but a real fcarcity, occasioned fometimes, perhaps, and in some particular places, by the wafte of war, but in by far the greatest number of cases, by the fault of the seasons; and that a famine has never arisen from any other cause but the violence of government attempting, by improper means, to remedy the inconveniencies of a dearth.

In an extensive corn country, between all the different parts of which there is a free commerce and communication, the scarcity occasioned by the most unfavourable seasons can never be so great as to produce a famine; and the scantiest crop, if managed with frugality and economy, will maintain, through the year, the same number of people that are commonly fed in a more affluent manner by one of moderate plenty.

BOOK The feafons most unfavourable to the crop are , those of excessive drought or excessive rain. But, as corn grows equally upon high and low lands, upon grounds that are disposed to be too wet, and upon those that are disposed to be too dry, either the drought or the rain which is hurtful to one part of the country is favourable to another; and though both in the wet and in the dry feafon the crop is a good deal lefs than in one more properly tempered, yet in both what is loft in one part of the country is in fome measure compensated by what is gained in the other. In rice countries, where the crop not only requires a very moift foil, but where, in a certain period of its growing, it must be laid under water, the effects of a drought are much more difmal. Even in fuch countries, however, the drought is, perhaps, fcarce ever fo univerfal, as necessarily to occasion a famine, if the government would allow a free trade. The drought in Bengal, a few years ago, might probably have occasioned a very great dearth. Some improper regulations, fome injudicious restraints, imposed by the fervants of the East India Company upon the rice trade, contributed, perhaps, to turn that dearth into a famine.

When the government, in order to remedy the inconveniencies of a dearth, orders all the dealers to fell their corn at what it supposes a reasonable price, it either hinders them from bringing it to market, which may fometimes produce a famine, even in the beginning of the feafon; or if they bring it thither, it enables the people, and thereby encourages them to confume it so fast, as must necessarily produce a
famine before the end of the season. The unlimited, unrestrained freedom of the corn trade,
as it is the only effectual preventative of the miferies of a famine, so it is the best palliative of
the inconveniencies of a dearth; for the inconveniencies of a real scarcity cannot be remedied;
they can only be palliated. No trade deserves
more the full protection of the law, and no trade
requires it so much; because no trade is so much
exposed to popular odium.

In years of scarcity the inferior ranks of people impute their diftrefs to the avarice of the corn merchant, who becomes the object of their hatred and indignation. Inflead of making profit upon fuch occasions, therefore, he is often in danger of being utterly ruined, and of having his magazines plundered and deftroyed by their violence. It is in years of fcarcity, however, when prices are high, that the corn merchant expects to make his principal profit. He is generally in contract with some farmers to furnish him for a certain number of years with a certain quantity of corn at a certain price. This contract price is fettled according to what is fupposed to be the moderate and reasonable, that is, the ordinary or average price, which, before the late years of scarcity, was commonly about eightand-twenty-shillings for the quarter of wheat, and for that of other grain in proportion. years of fcarcity, therefore, the corn merchant buys a great part of his corn for the ordinary price,

BOOK price, and fells it for a much higher. That this extraordinary profit, however, is no more than sufficient to put his trade upon a fair level with other trades, and to compensate the many losses which he fustains upon other occasions, both from the perishable nature of the commodity itself, and from the frequent and unforeseen fluctuations of its price, feems evident enough, from this fingle circumstance, that great fortunes are as feldom made in this as in any other trade. The popular odium, however, which attends it in years of fcarcity, the only years in which it can be very profitable, renders people of character and fortune averse to enter into it. It is abandoned to an inferior fet of dealers; and millers, bakers, mealmen, and meal factors, together with a number of wretched hucksters, are almost the only middle people that, in the home market, come between the grower and the confumer.

The ancient policy of Europe, instead of difcountenancing this popular odium against a trade so beneficial to the public, seems, on the contrary, to have authorised and encouraged it.

By the 5th and 6th of Edward VI. cap. 14. it was enacted, That whoever should buy any corn or grain with intent to sell it again, should be reputed an unlawful engrosser, and should, for the first fault, suffer two months imprisonment, and forfeit the value of the corn; for the second, suffer six months imprisonment, and forfeit double the value; and for the third, be set in the pillory, suffer imprisonment during the king's

pleafure,

pleafure, and forfeit all his goods and chattels. C HAP. The ancient policy of most other parts of Europe was no better than that of England.

Our ancestors feem to have imagined that the people would buy their corn cheaper of the farmer than of the corn merchant, who, they were afraid, would require, over and above the price which he paid to the farmer, an exorbitant profit to himfelf. They endeavoured, therefore, to annihilate his trade altogether. They even endeavoured to hinder as much as possible any middle man of any kind from coming in between the grower and the confumer; and this was the meaning of the many reftraints which they imposed upon the trade of those whom they called kidders or carriers of corn, a trade which nobody was allowed to exercife without a licence afcertaining his qualifications as a man of probity and fair dealing. The authority of three justices of the peace was, by the statute of Edward VI. necessary, in order to grant this licence. But even this reftraint was afterwards thought infufficient, and by a flatute of Elizabeth, the privilege of granting it was confined to the quarter-fessions.

The ancient policy of Europe endeavoured in this manner to regulate agriculture, the great trade of the country, by maxims quite different from those which it established with regard to manufactures, the great trade of the towns. By leaving the farmer no other customers but either the consumers or their immediate factors, the kidders and carriers of corn, it endeavoured to fhopkeepers, who would be fo much underfold by the manufacturer, it was supposed, that their trade would be ruined if he was allowed to retail

at all.

BOOK force him to exercife the trade, not only of a farmer, but of a corn merchant or corn retailer. On the contrary, it in many cases prohibited the manufacturer from exercising the trade of a shop-keeper, or from selling his own goods by retail. It meant by the one law to promote the general interest of the country, or to render corn cheap, without, perhaps, its being well understood how this was to be done. By the other it meant to promote that of a particular order of men, the

The manufacturer, however, though he had been allowed to keep a fhop, and to fell his own goods by retail, could not have underfold the common shopkeeper. Whatever part of his capital he might have placed in his shop, he must have withdrawn it from his manufacture. In order to carry on his business on a level with that of other people, as he must have had the profit of a manufacturer on the one part, fo he must have had that of a shopkeeper upon the other. Let us suppose, for example, that in the particular town where he lived, ten per cent. was the ordinary profit both of manufacturing and shopkeeping stock; he must in this case have charged upon every piece of his own goods which he fold in his shop, a profit of twenty per cent. When he carried them from his workhouse to his shop, he must have valued them at the price for which he could have fold them to a

dealer

dealer or shopkeeper, who would have bought C HAP. them by wholesale. If he valued them lower, he lost a part of the prosit of his manufacturing capital. When again he sold them from his shopkeeper would have sold them, he lost a part of the prosit of his shopkeeping capital. Though he might appear, therefore, to make a double prosit upon the same piece of goods, yet as these goods made successively a part of two distinct capitals, he made but a single prosit upon the whole capital employed about them; and if he made less than his prosit, he was a loser, or did not employ his whole capital with the same advantage as the greater part of his neighbours.

What the manufacturer was prohibited to do, the farmer was in some measure enjoined to do; to divide his capital between two different employments; to keep one part of it in his granaries and flack yard, for fupplying the occasional demands of the market; and to employ the other in the cultivation of his land. But as he could not afford to employ the latter for less than the ordinary profits of farming flock, fo he could as little afford to employ the former for less than the ordinary profits of mercantile stock. Whether the flock which really carried on the bufiness of the corn merchant belonged to the person who was called a farmer, or to the person who was called a corn merchant, an equal profit was in both cases requisite, in order to indemnify its owner for employing it in this manner; in order to put his bufinefs upon a level with other

trades,

tition.

trades, and in order to hinder him from having an interest to change it as soon as possible for some other. The farmer, therefore, who was thus forced to exercise the trade of a corn merchant, could not afford to sell his corn cheaper than any other corn merchant would have been obliged to do in the case of a free compe-

The dealer who can employ his whole flock in one fingle branch of bufiness, has an advantage of the same kind with the workman who can employ his whole labour in one fingle operation. As the latter acquires a dexterity which enables him, with the fame two hands, to perform a much greater quantity of work; fo the former acquires fo eafy and ready a method of transacting his business, of buying and disposing of his goods, that with the same capital he can transact a much greater quantity of business. As the one can commonly afford his work a good deal cheaper, fo the other can commonly afford his goods fomewhat cheaper than if his flock and attention were both employed about a greater variety of objects. The greater part of manufacturers could not afford to retail their own goods fo cheap as a vigilant and active shop-keeper, whose sole business it was to buy them by wholefale, and to retail them again. The greater part of farmers could still less afford to retail their own corn, to fupply the inhabitants of a town, at perhaps four or five miles diftance from the greater part of them, fo cheap as a vigilant and active corn merchant, whose fole

fole business it was to purchase corn by whole- C HAP. sale, to collect it into a great magazine, and to retail it again.

The law which prohibited the manufacturer from exercifing the trade of a shopkeeper, endeavoured to force this division in the employment of stock to go on faster than it might otherwise have done. The law which obliged the farmer to exercise the trade of a corn merchant, endeavoured to hinder it from going on fo fast. Both laws were evident violations of natural liberty, and therefore unjust; and they were both too as impolitic as they were unjust. It is the interest of every fociety, that things of this kind should never either be forced or obstructed. The man who employs either his labour or his flock in a greater variety of ways than his fituation renders necessary, can never hurt his neighbour by underfelling him. He may hurt himfelf, and he generally does fo. Jack of all trades will never be rich, fays the proverb. But the law ought always to trust people with the care of their own interest, as in their local fituations they must generally be able to judge better of it than the legislator can do. The law, however, which obliged the farmer to exercise the trade of a corn merchant, was by far the most pernicious of the two.

It obstructed not only that division in the employment of stock which is so advantageous to every society, but it obstructed likewise the improvement and cultivation of the land. By obliging the farmer to carry on two trades in-

BOOK flead of one, it forced him to divide his capital into two parts, of which one only could be employed in cultivation. But if he had been at liberty to fell his whole crop to a corn merchant as fast as he could thresh it out, his whole capital might have returned immediately to the land, and have been employed in buying more cattle, and hiring more fervants, in order to improve and cultivate it better. But by being obliged to fell his corn by retail, he was obliged to keep a great part of his capital in his granaries and flack yard through the year, and could not, therefore, cultivate fo well as with the fame capital he might otherwise have done. This law, therefore, necessarily obstructed the improvement of the land, and, instead of tending to render corn cheaper, must have tended to render it fcarcer, and therefore dearer, than it would otherwife have been.

After the business of the farmer, that of the corn merchant is in reality the trade which, if properly protected and encouraged, would contribute the most to the raising of corn. It would support the trade of the farmer, in the same manner as the trade of the wholesale dealer supports that of the manufacturer.

The wholefale dealer, by affording a ready market to the manufacturer, by taking his goods off his hand as faft as he can make them, and by fometimes even advancing their price to him before he has made them, enables him to keep his whole capital, and fometimes even more than his whole capital, conftantly employed in manu-

facturing, and confequently to manufacture a CHAP. much greater quantity of goods than if he was obliged to dispose of them himself to the immediate consumers, or even to the retailers. As the capital of the wholesale merchant too is generally sufficient to replace that of many manufacturers, this intercourse between him and them interests the owner of a large capital to support the owners of a great number of small ones, and to affist them in those losses and misfortunes which might otherwise prove ruinous to them.

An intercourse of the same kind universally eftablished between the farmers and the corn merchants, would be attended with effects equally beneficial to the farmers. They would be enabled to keep their whole capitals, and even more than their whole capitals, conftantly employed in cultivation. In case of any of those accidents, to which no trade is more liable than theirs, they would find in their ordinary cuftomer, the wealthy corn merchant, a person who had both an interest to support them, and the ability to do it, and they would not, as at prefent, be entirely dependent upon the forbearance of their landlord, or the mercy of his fleward. Were it possible, as perhaps it is not, to establish this intercourse universally, and all at once, were it possible to turn all at once the whole farming flock of the kingdom to its proper business, the cultivation of land, withdrawing it from every other employment into which any part of it may be at present diverted, and were it possible, in order to support and affift upon occasion the operations VOL. II.

BOOK operations of this great flock, to provide all at once another flock almost equally great, it is not perhaps very eafy to imagine how great, how extensive, and how sudden would be the improvement which this change of circumflances would alone produce upon the whole face of the country.

> The statute of Edward VI., therefore, by prohibiting as much as possible any middle man from coming in between the grower and the confumer, endeavoured to annihilate a trade, of which the free exercise is not only the best palliative of the inconveniencies of a dearth, but the best preventative of that calamity: after the trade of the farmer, no trade contributing fo much to the growing of corn as that of the corn merchant.

> The rigour of this law was afterwards foftened by feveral fubfequent flatutes, which fucceffively permitted the engroffing of corn when the price of wheat should not exceed twenty, twenty-four, thirty-two, and forty shillings the quarter. At last, by the 15th of Charles II. c.7. the engrossing or buying of corn in order to fell it again, as long as the price of wheat did not exceed fortyeight shillings the quarter, and that of other grain in proportion, was declared lawful to all perfons not being forestallers, that is, not felling again in the fame market within three months. All the freedom which the trade of the inland corn dealer has ever yet enjoyed, was bestowed upon it by this statute. The statute of the twelfth of the prefent King, which repeals almost

all the other ancient laws against engrossers and C H A P. forestallers, does not repeal the restrictions of this particular statute, which therefore still continue in force.

This statute, however, authorises in some measure two very absurd popular prejudices.

First, it supposes that when the price of wheat has risen so high as forty-eight shillings the quarter, and that of other grain in proportion, corn is likely to be so engrossed as to hurt the people. But from what has been already said, it seems evident enough that corn can at no price be so engrossed by the inland dealers as to hurt the people: and forty-eight shillings the quarter besides, though it may be considered as a very high price, yet in years of scarcity it is a price which frequently takes place immediately after harvest, when scarce any part of the new crop can be fold off, and when it is impossible even for ignorance to suppose that any part of it can be so engrossed as to hurt the people.

Secondly, it supposes that there is a certain price at which corn is likely to be forestalled, that is, bought up in order to be fold again soon after in the same market, so as to hurt the people. But if a merchant ever buys up corn, either going to a particular market or in a particular market, in order to fell it again soon after in the same market, it must be because he judges that the market cannot be so liberally supplied through the whole season as upon that particular occasion, and that the price, therefore, must soon rise. If he judges wrong in this, and if the

BOOK price does not rife, he not only lofes the whole profit of the stock which he employs in this manner, but a part of the flock itself, by the expence and lofs which necessarily attend the storing and keeping of corn. He hurts himself. therefore, much more effentially than he can hurt even the particular people whom he may hinder from fupplying themselves upon that particular market day, because they may afterwards supply themselves just as cheap upon any other market day. If he judges right, instead of hurting the great body of the people, he renders them a most important fervice. By making them feel the inconveniencies of a dearth fomewhat earlier than they otherwife might do, he prevents their feeling them afterwards fo feverely as they certainly would do, if the cheapness of price encouraged them to confume faster than suited the real fcarcity of the feafon. When the fcarcity is real, the best thing that can be done for the people is to divide the inconveniencies of it as equally as possible through all the different months, and weeks, and days of the year. The interest of the corn merchant makes him study to do this as exactly as he can: and as no other person can have either the same interest, or the fame knowledge, or the fame abilities to do it fo exactly as he, this most important operation of commerce ought to be trufted entirely to him; or, in other words, the corn trade, fo far at leaft as concerns the fupply of the home market. ought to be left perfectly free.

The popular fear of engroffing and fore- CHAP. stalling may be compared to the popular terrors and suspicions of witchcraft. The unfortunate wretches accused of this latter crime were not more innocent of the misfortunes imputed to them, than those who have been accused of the former. The law which put an end to all profecutions against witchcraft, which put it out of any man's power to gratify his own malice by accusing his neighbour of that imaginary crime, feems effectually to have put an end to those fears and fuspicions, by taking away the great cause which encouraged and supported them. The law which should restore entire freedom to the inland trade of corn, would probably prove as effectual to put an end to the popular fears of engroffing and forestalling.

The 15th of Charles II. c. 7. however, with all its imperfections, has perhaps contributed more both to the plentiful fupply of the home market, and to the increase of tillage, than any other law in the statute book. It is from this law that the inland corn trade has derived all the liberty and protection which it has ever yet enjoyed; and both the supply of the home market, and the interest of tillage, are much more effectually promoted by the inland, than either by the importation or exportation trade.

The proportion of the average quantity of all forts of grain imported into Great Britain to that of all forts of grain confumed, it has been computed by the author of the tracts upon the corn trade, does not exceed that of one to five

BOOK hundred and feventy. For fupplying the home market, therefore, the importance of the inland trade must be to that of the importation trade as five hundred and feventy to one.

The average quantity of all forts of grain exported from Great Britain does not, according to the fame author, exceed the one-and-thirtieth part of the annual produce. For the encouragement of tillage, therefore, by providing a market for the home produce, the importance of the inland trade must be to that of the exportation trade as thirty to one.

I have no great faith in political arithmetic, and I mean not to warrant the exactness of either of these computations. I mention them only in order to show of how much less confequence, in the opinion of the most judicious and experienced perfons, the foreign trade of corn is than the home trade. The great cheapness of corn in the years immediately preceding the establishment of the bounty, may perhaps, with reason, be ascribed in some measure to the operation of this statute of Charles II., which had been enacted about five-and-twenty years before, and which had therefore full time to produce its effect.

A very few words will fufficiently explain all that I have to fay concerning the other three branches of the corn trade.

II. The trade of the merchant importer of foreign corn for home confumption, evidently contributes to the immediate fupply of the home market, and must so far be immediately bene-

ficial to the great body of the people. It tends, C HAP. price of corn, but not to diminish its real value, or the quantity of labour which it is capable of maintaining. If importation was at all times free, our farmers and country gentlemen would, probably, one year with another, get less money for their corn than they do at present, when importation is at most times in offer makinited. importation is at most times in effect prohibited; but the money which they got would be of more value, would buy more goods of all other kinds, and would employ more labour. Their real wealth, their real revenue, therefore, would be the fame as at prefent, though it might be expressed by a smaller quantity of silver; and they would neither be disabled nor discouraged from cultivating corn as much as they do at prefent. On the contrary, as the rife in the real value of filver, in confequence of lowering the money price of corn, lowers fomewhat the money price of all other commodities, it gives the industry of the country, where it takes place, fome advantage in all foreign markets, and thereby tends to encourage and increase that industry. But the extent of the home market for corn must be in proportion to the general industry of the country where it grows, or to the number of those who produce fomething else, and therefore have fomething elfe, or what comes to the fame thing, the price of fomething elfe, to give in exchange for corn. But in every country the home market, as it is the nearest and most convenient, fo is it likewife the greatest and most important X 4

BOOK important market for corn. That rife in the real value of filver, therefore, which is the effect of lowering the average money price of corn, tends to enlarge the greatest and most important market for corn, and thereby to encourage, instead of discouraging, its growth.

> By the 22d of Charles II. c. 13, the importation of wheat, whenever the price in the home market did not exceed fifty-three shillings and four pence the quarter, was subjected to a duty of fixteen shillings the quarter; and to a duty of eight shillings whenever the price did not exceed four pounds. The former of these two prices has, for more than a century past, taken place only in times of very great fcarcity; and the latter has, fo far as I know, not taken place at all. Yet, till wheat had rifen above this latter price, it was by this flatute fubjected to a very high duty; and, till it had rifen above the former, to a duty which amounted to a prohibition. The importation of other forts of grain was reftrained at rates, and by duties, in proportion to the value of the grain, almost equally high *.

> * Before the 13th of the present King, the following were the duties payable upon the importation of the different forts of grain:

> Grain. Duties. Duties. Beans to 28s. per qr. 19s. 10d. after till 40s. - 16s. 8d. then 12d. Barley to 28s. 19s. 10d. 32s. -Malt is prohibited by the annual Malt-tax Bill. 5s. 1od. after Oats to 16s. oid. Peafe to 40s. 16s. od. after 93d. Rye to 36s. 198. 10d. till 40s. -16s. 8d. then 12d. 21s. 9d. till 53s. 4d. Wheat to 443. 17s. then 8s. till 41. and after that about 1s. 4d.

Buck wheat to 32s. per qr. to pay 16s.

These different duties were imposed, partly by the 22d of Charles II. in place of the Old Subfidy, partly by the New Subfidy, by the Onethird and Two-thirds Subfidy, and by the Subfidy 1747.

Subfe-

Subfequent laws still further increased those C HAP. duties.

The diffress which, in years of scarcity, the ftrict execution of those laws might have brought upon the people, would probably have been very great. But, upon such occasions, its execution was generally suspended by temporary statutes, which permitted, for a limited time, the importation of foreign corn. The necessity of these temporary statutes sufficiently demonstrates the

impropriety of this general one.

These restraints upon importation, though prior to the establishment of the bounty, were dictated by the same spirit, by the same principles, which afterwards enacted that regulation. How hurtful soever in themselves, these or some other restraints upon importation became necessary in consequence of that regulation. If, when wheat was either below forty-eight shillings the quarter, or not much above it, foreign corn could have been imported either duty free, or upon paying only a small duty, it might have been exported again, with the benefit of the bounty, to the great loss of the public revenue, and to the entire perversion of the institution, of which the object was to extend the market for the home growth, not that for the growth of foreign countries.

III. The trade of the merchant exporter of corn for foreign confumption, certainly does not contribute directly to the plentiful fupply of the home market. It does fo, however, indirectly. From whatever fource this fupply may be usually

drawn,

BOOK drawn, whether from home growth or from foreign importation, unless more corn is either ufually grown, or ufually imported into the country, than what is usually confumed in it, the fupply of the home market can never be very plentiful. But unless the furplus can, in all ordinary cases, be exported, the growers will be careful never to grow more, and the importers never to import more, than what the bare confumption of the home market requires. That market will very feldom be overstocked; but it will generally be understocked, the people, whose business it is to supply it, being generally asraid left their goods should be left upon their hands. The prohibition of exportation limits the improvement and cultivation of the country to what the supply of its own inhabitants requires. The freedom of exportation enables it to extend cultivation for the fupply of foreign nations.

By the 12th of Charles II. c. 4. the exportation of corn was permitted whenever the price of wheat did not exceed forty shillings the quarter, and that of other grain in proportion. By the 15th of the same prince, this liberty was extended till the price of wheat exceeded forty-eight shillings the quarter; and by the 22d, to all higher prices. A poundage, indeed, was to be paid to the king upon fuch exportation. But all grain was rated fo low in the book of rates, that this poundage amounted only upon wheat to a fhilling, upon oats to four pence, and upon all other grain to fix pence the quarter. By the ift of William and Mary, the act which esta-

blifhed

blished the bounty, this small duty was virtually C HAP. taken off whenever the price of wheat did not exceed forty-eight shillings the quarter; and by the 11th and 12th of William III. c. 20. it was expressly taken off at all higher prices.

The trade of the merchant exporter was, in this manner, not only encouraged by a bounty, but rendered much more free than that of the inland dealer. By the last of these statutes, corn could be engroffed at any price for exportation; but it could not be engroffed for inland fale, except when the price did not exceed forty-eight shillings the quarter. The interest of the inland dealer, however, it has already been shown, can never be opposite to that of the great body of the people. That of the merchant exporter may, and in fact sometimes is. If, while his own country labours under a dearth, a neighbouring country should be afflicted with a famine, it might be his interest to carry corn to the latter country in fuch quantities as might very much aggravate the calamities of the dearth. The plentiful supply of the home market was not the direct object of those statutes; but, under the pretence of encouraging agriculture, to raife the money price of corn as high as possible, and thereby to occasion, as much as possible, a conftant dearth in the home market. By the discouragement of importation, the supply of that market, even in times of great fearcity, was confined to the home growth; and by the encouragement of exportation, when the price was fo high as forty-eight shillings the quarter,

able fcarcity, allowed to enjoy the whole of that growth. The temporary laws, prohibiting for a limited time the exportation of corn, and taking off for a limited time the duties upon its importation, expedients to which Great Britain has been obliged fo frequently to have recourfe, fufficiently demonstrate the impropriety of her general fystem. Had that system been good, she would not so frequently have been reduced

to the necessity of departing from it.

Were all nations to follow the liberal system

of free exportation and free importation, the different flates into which a great continent was divided would fo far refemble the different provinces of a great empire. As among the different provinces of a great empire the freedom of the inland trade appears, both from reason and experience, not only the best palliative of a dearth, but the most effectual preventative of a famine; fo would the freedom of the exportation and importation trade be among the different flates into which a great continent was divided. The larger the continent, the easier the communication through all the different parts of it, both by land and by water, the less would any one particular part of it ever be exposed to either of these calamities, the scarcity of any one country being more likely to be relieved by the plenty of some other. But very few countries have entirely adopted this liberal fystem. The freedom of the corn trade is almost every where more or less restrained, and,

in many countries, is confined by fuch abfurd C HAP. regulations, as frequently aggravate the unavoidable misfortune of a dearth, into the dreadful calamity of a famine. The demand of fuch countries for corn may frequently become fo great and fo urgent, that a fmall state in their neighbourhood, which happened at the same time to be labouring under fome degree of dearth, could not venture to supply them without exposing itself to the like dreadful calamity. The very bad policy of one country may thus render it in some measure dangerous and imprudent to establish what would otherwise be the best policy in another. The unlimited freedom of exportation, however, would be much less dangerous in great flates, in which the growth being much greater, the fupply could feldom be much affected by any quantity of corn that was likely to be exported. In a Swifs canton, or in some of the little states of Italy, it may, perhaps, fometimes be necessary to restrain the exportation of corn. In fuch great countries as France or England it fcarce ever can. To hinder, besides, the farmer from sending his goods at all times to the best market, is evidently to facrifice the ordinary laws of justice to an idea of public utility, to a fort of reasons of state; an act of legislative authority which ought to be exercifed only, which can be pardoned only in cases of the most urgent necessity. The price at which the exportation of corn is prohibited, if it is ever to be prohibited, ought always to be a very high price.

BOOK The laws concerning corn may every where be compared to the laws concerning religion. The people feel themselves so much interested in what relates either to their fubfiftence in this life, or to their happiness in a life to come, that government must yield to their prejudices, and, in order to preferve the public tranquillity, establish that system which they approve of. It is upon this account, perhaps, that we fo feldom find a reasonable system established with regard to either of those two capital objects.

IV. The trade of the merchant carrier, or of the importer of foreign corn in order to export it again, contributes to the plentiful supply of the home market. It is not indeed the direct purpose of his trade to fell his corn there. But he will generally be willing to do fo, and even for a good deal less money than he might expect in a foreign market; because he saves in this manner the expence of loading and unloading, of freight and infurance. The inhabitants of the country, which, by means of the carrying trade, becomes the magazine and storehouse for the fupply of other countries, can very feldom be in want themselves. Though the carrying trade might thus contribute to reduce the average money price of corn in the home market, it would not thereby lower its real value. It would only raife fomewhat the real value of filver.

The carrying trade was in effect prohibited in Great Britain, upon all ordinary occasions, by the high duties upon the importation of foreign

corn, of the greater part of which there was no C HAP. drawback; and upon extraordinary occasions, when a scarcity made it necessary to suspend those duties by temporary statutes, exportation was always prohibited. By this system of laws, therefore, the carrying trade was in effect prohibited upon all occasions.

That fystem of laws, therefore, which is connected with the establishment of the bounty, feems to deferve no part of the praife which has been bestowed upon it. The improvement and prosperity of Great Britain, which has been fo often afcribed to those laws, may very eafily be accounted for by other causes. That security which the laws in Great Britain give to every man that he shall enjoy the fruits of his own labour, is alone sufficient to make any country flourish, notwithstanding these and twenty other abfurd regulations of commerce; and this fecurity was perfected by the revolution, much about the fame time that the bounty was established. The natural effort of every individual to better his own condition, when fuffered to exert itfelf with freedom and fecurity, is fo powerful a principle, that it is alone, and without any affistance, not only capable of carrying on the fociety to wealth and profperity, but of furmounting a hundred impertinent obstructions with which the folly of human laws too often incumbers its operations; though the effect of these obstructions is always more or less either to encroach upon its freedom, or to diminish its security. In Great Britain industry is perfectly secure; and though

BOOK it is far from being perfectly free, it is as free or IV. freer than in any other part of Europe.

Though the period of the greatest prosperity and improvement of Great Britain, has been posterior to that system of laws which is connected with the bounty, we must not upon that account impute it to those laws. It has been posterior likewise to the national debt. But the national debt has most assured not been the cause of it.

Though the fystem of laws which is connected with the bounty, has exactly the fame tendency with the police of Spain and Portugal; to lower fomewhat the value of the precious metals in the country where it takes place; yet Great Britain is certainly one of the richeft countries in Europe, while Spain and Portugal are perhaps among the most beggarly. This difference of fituation, however, may eafily be accounted for from two different causes. the tax in Spain, the prohibition in Portugal of exporting gold and filver, and the vigilant police which watches over the execution of those laws, must, in two very poor countries, which between them import annually upwards of fix millions sterling, operate, not only more directly, but much more forcibly in reducing the value of those metals there, than the corn laws can do in Great Britain. And, fecondly, this bad policy is not in those countries counter-balanced by the general liberty and fecurity of the people. dustry is there neither free nor secure, and the civil and ecclefiaftical governments of both Spain

and Portugal, are fuch as would alone be fuffi- CHAP. cient to perpetuate their present state of poverty, even though their regulations of commerce were as wife as the greater part of them are abfurd and foolish.

The 13th of the present King, c. 43. seems to have established a new system with regard to the corn laws, in many respects better than the ancient one, but in one or two respects perhaps not quite fo good.

By this flatute the high duties upon importation for home confumption are taken off fo foon as the price of middling wheat rifes to fortyeight shillings the quarter; that of middling rye, peafe or beans, to thirty-two shillings; that of barley to twenty-four shillings; and that of oats to fixteen shillings; and instead of them a small duty is imposed of only fix-pence upon the quarter of wheat, and upon that of other grain in proportion. With regard to all these different forts of grain, but particularly with regard to wheat, the home market is thus opened to foreign supplies at prices considerably lower than before.

By the fame statute the whole bounty of five shillings upon the exportation of wheat ceases so foon as the price rifes to forty-four shillings the quarter, instead of forty-eight, the price at which it ceased before; that of two shillings and fixpence upon the exportation of barley ceases fo foon as the price rifes to twenty-two shillings, instead of twenty-four, the price at which it

BOOK ceased before; that of two shillings and fix-pence upon the exportation of oatmeal ceases so foon as the price rifes to fourteen shillings, instead of fifteen, the price at which it ceased before. The bounty upon rye is reduced from three shillings and fixpence to three shillings, and it ceases so foon as the price rifes to twenty-eight shillings, instead of thirty-two, the price at which it ceased before. If bounties are as improper as I have endeavoured to prove them to be, the fooner they cease, and the lower they are, so much the better.

> The fame statute permits, at the lowest prices, the importation of corn, in order to be exported again, duty free, provided it is in the mean time lodged in a warehouse under the joint locks of the King and the importer. This liberty, indeed, extends to no more than twenty-five of the different ports of Great Britain. They are, however, the principal ones, and there may not, perhaps, be warehouses proper for this purpose in the greater part of the others.

So far this law feems evidently an improve-

ment upon the ancient fyftem.

But by the fame law a bounty of two shillings the quarter is given for the exportation of oats whenever the price does not exceed fourteen fhillings. No bounty had ever been given be-fore for the exportation of this grain, no more than for that of peafe or beans.

By the fame law too, the exportation of wheat is prohibited fo foon as the price rifes to forty-

four

four shillings the quarter; that of rye so soon as CHAP. it rifes to twenty-eight shillings; that of barley fo foon as it rifes to twenty-two shillings; and that of oats fo foon as they rife to fourteen shillings. Those feveral prices feem all of them a good deal too low, and there feems to be an impropriety, befides, in prohibiting exportation altogether at those precise prices at which that bounty, which was given in order to force it, is withdrawn. The bounty ought certainly either to have been withdrawn at a much lower price, or exportation ought to have been allowed at a much higher.

So far, therefore, this law feems to be inferior to the ancient fystem. With all its imperfections, however, we may perhaps fay of it what was faid of the laws of Solon, that, though not the best in itself, it is the best which the interests, prejudices, and temper of the times would admit of. It may perhaps in due time prepare the way for a better.

CHAP. VI.

Of Treaties of Commerce.

HEN a nation binds itself by treaty either C HAP. to permit the entry of certain goods VI. from one foreign country which it prohibits from all others, or to exempt the goods of one country from duties to which it subjects those of all others,

the country, or at least the merchants and manufacturers of the country, whose commerce is fo favoured, must necessarily derive great advantage from the treaty. Those merchants and manufacturers enjoy a fort of monopoly in the country which is so indulgent to them. That country becomes a market both more extensive and more advantageous for their goods: more extensive, because the goods of other nations being either excluded or subjected to heavier duties, it takes off a greater quantity of theirs: more advantageous, because the merchants of the favoured country, enjoying a fort of monopoly there, will often sell their goods for a better price than if exposed to the free competition of all other nations.

Such treaties, however, though they may be advantageous to the merchants and manufacturers of the favoured, are necessarily disadvantageous to those of the favouring country. A monopoly is thus granted against them to a foreign nation; and they must frequently buy the foreign goods they have occasion for, dearer than if the free competition of other nations was admitted. That part of its own produce with which fuch a nation purchases foreign goods, must consequently be fold cheaper, because when two things are exchanged for one another, the cheapness of the one is a necessary consequence, or rather is the fame thing with the dearness of the other. The exchangeable value of its annual produce, therefore, is likely to be diminished by every fuch treaty. This diminution, however,

can fcarce amount to any positive loss, but only c hap to a lessening of the gain which it might otherwise make. Though it sells its goods cheaper than it otherwise might do, it will not probably sell them for less than they cost; nor, as in the case of bounties, for a price which will not replace the capital employed in bringing them to market, together with the ordinary profits of stock. The trade could not go on long if it did. Even the favouring country, therefore, may still gain by the trade, though less than if there was a free competition.

Some treaties of commerce, however, have been supposed advantageous upon principles very different from these; and a commercial country has sometimes granted a monopoly of this kind against itself to certain goods of a foreign nation, because it expected that in the whole commerce between them, it would annually sell more than it would buy, and that a balance in gold and silver would be annually returned to it. It is upon this principle that the treaty of commerce between England and Portugal, concluded in 1703, by Mr. Methuen, has been so much commended. The following is a literal translation of that treaty, which consists of three articles only:—

ART. I.

His Sacred Royal Majesty of Portugal promises, both in his own name, and that of his successors, to admit, for ever hereafter, into Y 3 Portugal,

Portugal, the woollen cloths, and the reft of the woollen manufactures of the British, as was accustomed, till they were prohibited by the law; nevertheless upon this condition:

ART. II.

That is to fay, that Her Sacred Royal Majesty of Great Britain shall, in her own name, and that of her fucceffors, be obliged, for ever hereafter, to admit the wines of the growth of Portugal into Britain: fo that at no time, whether there shall be peace or war between the kingdoms of Britain and France, any thing more shall be demanded for these wines by the name of custom or duty, or by whatsoever other title, directly or indirectly, whether they shall be imported into Great Britain in pipes or hogsheads, or other casks, than what shall be demanded for the like quantity or measure of French wine, deducting or abating a third part of the custom or duty. But if at any time this deduction or abatement of customs, which is to be made as aforefaid, shall in any manner be attempted and prejudiced, it shall be just and lawful for His Sacred Royal Majesty of Portugal, again to prohibit the woollen cloths, and the rest of the British woollen manufactures.

ART. III.

The Most Excellent Lords the Plenipotentiaries promife and take upon themselves, that their above-named masters shall ratify this treaty;

and

and within the fpace of two months the ratifications shall be exchanged.

By this treaty the crown of Portugal becomes bound to admit the English woollens upon the same footing as before the prohibition; that is, not to raise the duties which had been paid before that time. But it does not become bound to admit them upon any better terms than those of any other nation, of France or Holland for example. The crown of Great Britain, on the contrary, becomes bound to admit the wines of Portugal, upon paying only two thirds of the duty, which is paid for those of France, the wines most likely to come into competition with them. So far this treaty, therefore, is evidently advantageous to Portugal, and disadvantageous to Great Britain.

It has been celebrated, however, as a mafter-piece of the commercial policy of England. Portugal receives annually from the Brazils a greater quantity of gold than can be employed in its domestic commerce, whether in the shape of coin or of plate. The surplus is too valuable to be allowed to lie idle and locked up in coffers, and as it can find no advantageous market at home, it must, notwithstanding any prohibition, be sent abroad, and exchanged for something for which there is a more advantageous market at home. A large share of it comes annually to England, in return either for English goods, or for those of other European nations that receive their returns through England, Mr. Baretti

BOOK was informed that the weekly packet-boat from Lifbon brings, one week with another, more than fifty thousand pounds in gold to England. The fum had probably been exaggerated. It would amount to more than two millions fix hundred thousand pounds a year, which is more than the Brazils are supposed to afford.

Our merchants were fome years ago out of humour with the crown of Portugal. Some privileges which had been granted them, not by treaty, but by the free grace of that crown, at the folicitation, indeed, it is probable, and in return for much greater favours, defence and protection, from the crown of Great Britain, had been either infringed or revoked. The people, therefore, usually most interested in celebrating the Portugal trade, were then rather disposed to represent it as less advantageous than it had commonly been imagined. The far greater part, almost the whole, they pretended, of this annual importation of gold, was not on account of Great Britain, but of other European nations; the fruits and wines of Portugal annually imported into Great Britain nearly compensating the value of the British goods fent thither.

Let us suppose, however, that the whole was on account of Great Britain, and that it amounted to a ftill greater fum than Mr. Baretti feems to imagine: this trade would not, upon that account, be more advantageous than any other in which, for the same value fent out, we received an equal value of confumable goods in return.

It is but a very small part of this importation CHAP. which, it can be supposed, is employed as an annual addition either to the plate or to the coin of the kingdom. The rest must all be sent abroad and exchanged for confumable goods of fome kind or other. But if those consumable goods were purchased directly with the produce of English industry, it would be more for the advantage of England, than first to purchase with that produce the gold of Portugal, and afterwards to purchase with that gold those confumable goods. A direct foreign trade of confumption is always more advantageous than a round-about one; and to bring the same value of foreign goods to the home market, requires a much fmaller capital in the one way than in the other. If a fmaller share of its industry, therefore, had been employed in producing goods fit for the Portugal market, and a greater in producing those fit for the other markets, where those consumable goods for which there is a demand in Great Britain are to be had, it would have been more for the advantage of England. To procure both the gold, which it wants for its own use, and the confumable goods, would, in this way, employ a much finaller capital than at prefent. There would be a spare capital, therefore, to be employed for other purposes, in exciting an additional quantity of industry, and in raifing a greater annual produce.

Though Britain were entirely excluded from the Portugal trade, it could find very little difficulty in procuring all the annual supplies of gold

which

or of coin, or of foreign trade. Gold, like every other commodity, is always fomewhere or another to be got for its value by those who have that value to give for it. The annual surplus of gold in Portugal, besides, would still be sent abroad, and though not carried away by Great Britain, would be carried away by fome other nation, which would be glad to fell it again for its price, in the same manner as Great Britain does at present. In buying gold of Portugal, indeed, we buy it at the first hand; whereas, in buying it of any other nation, except Spain, we should buy it at the second, and might pay somewhat dearer. This difference, however, would furely be too insignificant to deserve the public attention.

Almost all our gold, it is said, comes from Portugal. With other nations the balance of trade is either against us, or not much in our favour. But we should remember, that the more gold we import from one country, the less we must necessarily import from all others. The effectual demand for gold, like that for every other commodity, is in every country limited to a certain quantity. If nine-tenths of this quantity are imported from one country, there remains a tenth only to be imported from all others. The more gold besides that is annually imported from some particular countries, over and above what is requisite for plate and for coin, the more must necessarily be exported to some others; and the more that most insignifi-

cant object of modern policy, the balance of CHAP. trade, appears to be in our favour with fome particular countries, the more it must necessarily appear to be against us with many others.

It was upon this filly notion, however, that England could not subsist without the Portugal

trade, that, towards the end of the late war, France and Spain, without pretending either offence or provocation, required the King of Portugal to exclude all British ships from his ports, and for the fecurity of this exclusion, to receive into them French or Spanish garrisons. Had the King of Portugal submitted to those ignominious terms which his brother-in-law the King of Spain proposed to him, Britain would have been freed from a much greater inconveniency than the lofs of the Portugal trade, the burden of supporting a very weak ally, so un-provided of every thing for his own defence, that the whole power of England, had it been directed to that fingle purpose, could scarce per-haps have defended him for another campaign. The lofs of the Portugal trade would, no doubt, have occasioned a considerable embarrassment to the merchants at that time engaged in it, who might not, perhaps, have found out, for a year or two, any other equally advantageous method of employing their capitals; and in this would probably have confifted all the inconveniency which England could have fuffered from this notable piece of commercial policy.

The great annual importation of gold and filver is neither for the purpose of plate nor of

BOOK coin, but of foreign trade. A round-about foreign trade of confunction can be carried on more advantageously by means of these metals than of almost any other goods. As they are the universal instruments of commerce, they are more readily received in return for all commodities than any other goods; and on account of their small bulk and great value, it costs less to transport them backward and forward from one place to another than almost any other fort of merchandize, and they lose less of their value by being fo transported. Of all the commodities, therefore, which are bought in one foreign country, for no other purpose but to be fold or exchanged again for some other goods in another, there are none fo convenient as gold and filver.

In facilitating all the different round-about foreign trades of confumption which are carried on in Great Britain, confifts the principal advantage of the Portugal trade; and though it is not a capital advantage, it is, no doubt, a confiderable one.

That any annual addition which, it can reafonably be fupposed, is made either to the plate or to the coin of the kingdom, could require but a very fmall annual importation of gold and filver, feems evident enough; and though we had no direct trade with Portugal, this fmall quantity could always, fomewhere or another, be very eafily got.

Though the goldsmiths trade be very confiderable in Great Britain, the far greater part of the new plate which they annually fell, is

made from other old plate melted down; fo that C HAP. the addition annually made to the whole plate of the kingdom cannot be very great, and could require but a very finall annual importation.

It is the fame cafe with the coin. Nobody

imagines, I believe, that even the greater part of the annual coinage, amounting, for ten years together, before the late reformation of the gold coin, to upwards of eight hundred thousand pounds a year in gold, was an annual addition to the money before current in the kingdom. In a country where the expence of the coinage is defrayed by the government, the value of the coin, even when it contains its full flandard weight of gold and filver, can never be much greater than that of an equal quantity of those metals uncoined; because it requires only the trouble of going to the mint, and the delay perhaps of a few weeks, to procure for any quantity of uncoined gold and filver an equal quantity of those metals in coin. But, in every country, the greater part of the current coin is almost always more or less worn, or otherwise degene-rated from its standard. In Great Britain it was, before the late reformation, a good deal fo, the gold being more than two per cent. and the filver more than eight per cent. below its standard weight. But if forty-four guineas and a half, containing their full standard weight, a pound weight of gold, could purchase very little more than a pound weight of uncoined gold, forty-four guineas and a half wanting a part of their weight could not purchase a pound weight, BOOK and fomething was to be added in order to make IV. up the deficiency. The current price of gold bullion at market, therefore, instead of being the same with the mint price, or 46l. 14s. 6d. was then about 47l. 14s. and fometimes about forty-eight pounds. When the greater part of the coin, however, was in this degenerate condition, forty-four guineas and a half, fresh from the mint, would purchase no more goods in the market than any other ordinary guineas, because when they came into the coffers of the merchant, being confounded with other money, they could not afterwards be diffinguished without more trouble than the difference was worth. Like other guineas they were worth no more than 461. 14s. 6d. If thrown into the melting pot, however, they produced, without any fenfible lofs, a pound weight of standard gold, which could be fold at any time for between 47l. 14s. and 481. either in gold or filver, as fit for all the purposes of coin as that which had been melted down. There was an evident profit, therefore, in melting down new coined money, and it was done fo inftantaneously, that no precaution of government could prevent it. The operations of the mint were, upon this account, fomewhat like the web of Penelope; the work that was done in the day was undone in the night. The mint was employed, not fo much in making daily additions to the coin, as in replacing the

Were the private people, who carry their gold and filver to the mint, to pay themselves

very best part of it which was daily melted down.

for the coinage, it would add to the value of CHAP. those metals in the same manner as the fashion does to that of plate. Coined gold and filver would be more valuable than uncoined. The feignorage, if it was not exorbitant, would add to the bullion the whole value of the duty; becaufe, the government having every where the exclusive privilege of coining, no coin can come to market cheaper than they think proper to afford it. If the duty was exorbitant indeed, that is, if it was very much above the real value of the labour and expence requisite for coinage, falfe coiners, both at home and abroad, might be encouraged, by the great difference between the value of bullion and that of coin, to pour in fo great a quantity of counterfeit money as might reduce the value of the government money. In France, however, though the feignorage is eight per cent. no fensible inconveniency of this kind is found to arise from it. The dangers to which a false coiner is every where exposed, if he lives in the country of which he counterfeits the coin, and to which his agents or correspondents are exposed if he lives in a foreign country, are by far too great to be incurred for the fake of a profit of fix or feven per cent.

The feignorage in France raises the value of the coin higher than in proportion to the quantity of pure gold which it contains. Thus by the edict of January 1726, the * mint price

^{*} See Dictionaire des Monnoies, tom. ii. article Seigneurage, p. 489. par M. Abot de Bazinghen, Conseiller-Comissaire en la Cour des Monnoies à Paris.

BOOK of fine gold of twenty-four carats was fixed at feven hundred and forty livres nine fous and one denier one-eleventh, the mark of eight Paris ounces. The gold coin of France, making an allowance for the remedy of the mint, contains twenty-one carats and three-fourths of fine gold, and two carats one-fourth of alloy. The mark of ftandard gold, therefore, is worth no more than about fix hundred and feventy-one livres ten deniers. But in France this mark of flandard gold is coined into thirty Louis-d'ors of twenty-four livres each, or into feven hundred and twenty livres. The coinage, therefore, increases the value of a mark of standard gold bullion, by the difference between fix hundred and feventy-one livres ten deniers, and feven hundred and twenty livres; or by forty-eight livres nineteen fous and two deniers.

A feignorage will, in many cases, take away altogether, and will, in all cases, diminish the profit of melting down the new coin. This profit always arises from the difference between the quantity of bullion which the common currency ought to contain, and that which it actually does contain. If this difference is less than the seignorage, there will be loss instead of profit. If it is equal to the seignorage, there will neither be profit nor less. If it is greater than the seignorage, there will indeed be some profit, but less than if there was no seignorage. If, before the late reformation of the gold coin, for example, there had been a seignorage of sive per cent. upon the coinage, there would have

been

been a loss of three per cent. upon the melting c HAP. down of the gold coin. If the feignorage had been two per cent. there would have been neither profit nor loss. If the feignorage had been one per cent. there would have been a profit, but of one per cent. only instead of two per cent. Wherever money is received by tale, therefore, and not by weight, a seignorage is the most effectual preventative of the melting down of the coin, and, for the same reason, of its exportation. It is the best and heaviest pieces that are commonly either melted down or exported; because it is upon such that the largest profits are made.

The law for the encouragement of the coinage, by rendering it duty-free, was first enacted, during the reign of Charles II., for a limited time; and afterwards continued, by different prolongations, till 1769, when it was rendered perpetual. The bank of England, in order to replenish their coffers with money, are frequently obliged to carry bullion to the mint; and it was more for their interest, they probably imagined, that the coinage should be at the expence of the government, than at their own. It was, probably, out of complaifance to this great company that the government agreed to render this law perpetual. Should the cuftom of weighing gold, however, come to be difused, as it is very likely to be on account of its inconveniency; should the gold coin of England come to be received by tale, as it was before the late recoinage, this great company may, perhaps, find that VOL. II.

BOOK that they have upon this, as upon fome other occasions, mistaken their own interest not a little.

Before the late recoinage, when the gold currency of England was two per cent. below its flandard weight, as there was no feignorage, it was two per cent. below the value of that quantity of standard gold bullion which it ought to have contained. When this great company, therefore, bought gold bullion in order to have it coined, they were obliged to pay for it two per cent. more than it was worth after the coinage. But if there had been a feignorage of two per cent. upon the coinage, the common gold currency, though two per cent. below its ftandard weight, would notwithstanding have been equal in value to the quantity of standard gold which it ought to have contained; the value of the fashion compensating in this case the dimi-nution of the weight. They would indeed have had the feignorage to pay, which being two per cent. their lofs upon the whole transaction would have been two per cent. exactly the fame, but no greater than it actually was.

If the feignorage had been five per cent. and the gold currency only two per cent. below its ftandard weight, the bank would in this case have gained three per cent. upon the price of the bullion; but as they would have had a feignorage of five per cent. to pay upon the coinage, their loss upon the whole transaction would, in the same manner, have been exactly

two per cent.

If the feignorage had been only one per cent. CHAP. and the gold currency two per cent. below its standard weight, the bank would in this case have lost only one per cent. upon the price of the bullion; but as they would likewise have had a seignorage of one per cent. to pay, their loss upon the whole transaction would have been exactly two per cent. in the same manner as in all other cases.

If there was a reasonable seignorage, while at the same time the coin contained its full standard weight, as it has done very nearly since the late re-coinage, whatever the bank might lose by the seignorage, they would gain upon the price of the bullion; and whatever they might gain upon the price of the bullion, they would lose by the seignorage. They would neither lose nor gain, therefore, upon the whole transaction, and they would in this, as in all the foregoing cases, be exactly in the same situation as if there was no seignorage.

When the tax upon a commodity is fo moderate as not to encourage fmuggling, the merchant who deals in it, though he advances, does not properly pay the tax, as he gets it back in the price of the commodity. The tax is finally paid by the last purchaser or consumer. But money is a commodity with regard to which every man is a merchant. Nobody buys it but in order to fell it again; and with regard to it there is in ordinary cases no last purchaser or consumer. When the tax upon coinage, therefore, is so moderate as not to encourage salse

BOOK coining, though every body advances the tax, nobody finally pays it; because every body gets it back in the advanced value of the coin.

> A moderate feignorage therefore would not in any case augment the expence of the bank, or of any other private persons who carry their bullion to the mint in order to be coined, and the want of a moderate feignorage does not in any case diminish it. Whether there is or is not a feignorage, if the currency contains its full flandard weight, the coinage costs nothing to any body, and if it is short of that weight, the coinage must always cost the difference between the quantity of bullion which ought to be contained in it, and that which actually is contained in it.

> The government, therefore, when it defrays the expence of coinage, not only incurs fome fmall expence, but lofes fome finall revenue which it might get by a proper duty; and neither the bank nor any other private persons are in the fmallest degree benefited by this useless

piece of public generofity.

The directors of the bank, however, would probably be unwilling to agree to the imposition of a feignorage upon the authority of a fpeculation which promifes them no gain, but only pretends to infure them from any lofs. In the prefent flate of the gold coin, and as long as it continues to be received by weight, they certainly would gain nothing by fuch a change. But if the custom of weighing the gold coin should ever go into disuse, as it is very likely to do, and if the gold coin should ever fall into the same state of

degradation

degradation in which it was before the late re- C HAP. coinage, the gain, or more properly the favings of the bank, in confequence of the imposition of a feignorage, would probably be very confiderable. The bank of England is the only company which fends any confiderable quantity of bullion to the mint, and the burden of the annual coinage falls entirely, or almost entirely, upon it. If this annual coinage had nothing to do but to repair the unavoidable loffes and neceffary wear and tear of the coin, it could feldom exceed fifty thousand or at most a hundred thoufand pounds. But when the coin is degraded below its flandard weight, the annual coinage must, besides this, fill up the large vacuities which exportation and the melting pot are continually making in the current coin. It was upon this account that during the ten or twelve years immediately preceding the late reformation of the gold coin, the annual coinage amounted at an average to more than eight hundred and fifty thousand pounds. But if there had been a feignorage of four or five per cent. upon the gold coin, it would probably, even in the ftate in which things then were, have put an effectual ftop to the bufiness both of exportation and of the melting pot. The bank, instead of lofing every year about two and a half per cent. upon the bullion which was to be coined into more than eight hundred and fifty thousand pounds, or incurring an annual lofs of more than twenty-one thousand two hundred and fifty pounds. z 3

BOOK pounds, would not probably have incurred the IV. tenth part of that lofs.

The revenue allotted by parliament for defraying the expence of the coinage is but fourteen thousand pounds a year, and the real expence which it cofts the government, or the fees of the officers of the mint, do not upon ordinary occasions, I am assured, exceed the half of that fum. The faving of fo very fmall a fum, or even the gaining of another which could not well be much larger, are objects too inconfiderable, it may be thought, to deferve the ferious attention of government. But the faving of eighteen or twenty thousand pounds a year in case of an event which is not improbable, which has frequently happened before, and which is very likely to happen again, is furely an object which well deferves the ferious attention even of fo great a company as the bank of England.

Some of the foregoing reasonings and observations might perhaps have been more properly placed in those chapters of the first book which treat of the origin and use of money, and of the difference between the real and the nominal price of commodities. But as the law for the encouragement of coinage derives its origin from those vulgar prejudices which have been introduced by the mercantile system; I judged it more proper to reserve them for this chapter. Nothing could be more agreeable to the spirit of that system than a fort of bounty upon the production of money, the very thing which, it sup-

pofes,

poses, constitutes the wealth of every nation. It C HAP. is one of its many admirable expedients for vi. enriching the country.

Of Colonies.

PART FIRST.

Of the Motives for establishing new Colonies.

THE interest which occasioned the first settlement of the different European colonies in America and the West Indies, was not altogether so plain and distinct as that which directed the establishment of those of ancient Greece and Rome.

All the different states of ancient Greece possessed, each of them, but a very small territory, and when the people in any one of them multiplied beyond what that territory could easily maintain, a part of them were sent in quest of a new habitation in some remote and distant part of the world; the warlike neighbours who surrounded them on all sides, rendering it difficult for any of them to enlarge very much its territory at home. The colonies of the Dorians resorted chiefly to Italy and Sicily, which, in the times preceding the foundation of Rome, were inhabited by barbarous and uncivilized nations:

BOOK IV.

those of the Ionians and Eolians, the two other great tribes of the Greeks, to Afia Minor and the islands of the Egean Sea, of which the inhabitants feem at that time to have been pretty much in the fame state as those of Sicily and Italy. The mother city, though the confidered the colony as a child, at all times entitled to great favour and affiftance, and owing in return much gratitude and respect, yet considered it as an emancipated child, over whom she pretended to claim no direct authority or jurifdiction. The colony fettled its own form of government, enacted its own laws, elected its own magistrates, and made peace or war with its neighbours as an independent state, which had no occasion to wait for the approbation or confent of the mother city. Nothing can be more plain and distinct than the interest which directed every such establishment.

Rome, like most of the other ancient republics, was originally founded upon an Agrarian law, which divided the public territory in a certain proportion among the different citizens who composed the state. The course of human affairs, by marriage, by succession, and by alienation, necessarily deranged this original division, and frequently threw the lands, which had been allotted for the maintenance of many different families into the possession of a single person. To remedy this disorder, for such it was supposed to be, a law was made, restricting the quantity of land which any citizen could possess to sive hundred jugera, about three hundred and

fifty English acres. This law, however, though C HAP. we read of its having been executed upon one or two occasions, was either neglected or evaded, and the inequality of fortunes went on continually increasing. The greater part of the citizens had no land, and without it the manners and customs of those times rendered it difficult for a freeman to maintain his independency. the prefent times, though a poor man has no land of his own, if he has a little flock, he may either farm the lands of another, or he may carry on fome little retail trade; and if he has no flock, he may find employment either as a country labourer, or as an artificer. But, among the ancient Romans, the lands of the rich were all cultivated by flaves, who wrought under an overfeer, who was likewife a flave; fo that a poor freeman had little chance of being employed either as a farmer or as a labourer. All trades and manufactures too, even the retail trade, were carried on by the flaves of the rich for the benefit of their masters, whose wealth, authority, and protection made it difficult for a poor freeman to maintain the competition against them. The citizens, therefore, who had no land, had fcarce any other means of fubfiftence but the bounties of the candidates at the annual elections. The tribunes, when they had a mind to animate the people against the rich and the great, put them in mind of the ancient division of lands, and reprefented that law which reftricted this fort of private property as the fundamental law of the republic. The people beBOOK IV.

came clamorous to get land, and the rich and the great, we may believe, were perfectly determined not to give them any part of theirs. To fatisfy them in some measure, therefore, they frequently proposed to send out a new colony. But conquering Rome was, even upon fuch occasions, under no necessity of turning out her citizens to feek their fortune, if one may fay fo, through the wide world, without knowing where they were to fettle. She affigned them lands generally in the conquered provinces of Italy, where, being within the dominions of the republic, they could never form any independent flate; but were at best but a fort of corporation, which, though it had the power of enacting byelaws for its own government, was at all times fubject to the correction, jurifdiction, and legiflative authority of the mother city. The fending out a colony of this kind, not only gave fome fatisfaction to the people, but often eftablished a fort of garrison too in a newly conquered province, of which the obedience might otherwise have been doubtful. A Roman colony, therefore, whether we confider the nature of the establishment itself, or the motives for making it, was altogether different from a Greek one. The words accordingly, which in the original languages denote those different establishments, have very different meanings. The Latin word (Colonia) fignifies fimply a plantation. Greek word (amounta), on the contrary, fignifies a feparation of dwelling, a departure from home, a going out of the house. But, though the Roman

Roman colonies were in many respects different C HAP. from the Greek ones, the interest which prompted to establish them was equally plain and distinct. Both institutions derived their origin either from irresistible necessity, or from clear and evident utility.

The establishment of the European colonies in America and the West Indies arose from no necessity: and though the utility which has resulted from them has been very great, it is not altogether so clear and evident. It was not understood at their first establishment, and was not the motive either of that establishment or of the discoveries which gave occasion to it; and the nature, extent, and limits of that utility are not, perhaps, well understood at this day.

The Venetians, during the fourteenth and fifteenth centuries, carried on a very advantageous commerce in fpiceries, and other East India goods, which they distributed among the other nations of Europe. They purchased them chiefly in Egypt, at that time under the dominion of the Mammeluks, the enemies of the Turks, of whom the Venetians were the enemies; and this union of interest, assisted by the money of Venice, formed such a connection as gave the Venetians almost a monopoly of the trade.

The great profits of the Venetians tempted the avidity of the Portuguese. They had been endeavouring, during the course of the sisteenth century, to find out by sea a way to the countries from which the Moors brought them ivory and gold dust across the Desart. They discovered

the

BOOK the Madeiras, the Canaries, the Azores, the Cape de Verd islands, the coast of Guinea, that of Loango, Congo, Angola, and Benguela, and, finally, the Cape of Good Hope. They had long wished to share in the profitable traffic of the Venetians, and this last discovery opened to them a probable prospect of doing so. In 1497, Vasco de Gama failed from the port of Lisbon with a fleet of sour ships, and, after a navigation of eleven months, arrived upon the coast of Indostan, and thus completed a course of discoveries which had been pursued with great steadiness, and with very little interruption, for

near a century together.

Some years before this, while the expectations of Europe were in fuspense about the projects of the Portuguese, of which the success appeared yet to be doubtful, a Genoese pilot formed the yet more daring project of failing to the East Indies by the West. The situation of those countries was at that time very imperfectly known in Europe. The few European travellers who had been there had magnified the diftance; perhaps through fimplicity and ignorance, what was really very great, appearing almost infinite to those who could not measure it; or, perhaps, in order to increase somewhat more the marvellous of their own adventures in vifiting regions fo immenfely remote from Europe. The longer the way was by the East, Columbus very justly concluded, the fhorter it would be by the West. He proposed, therefore, to take that way, as both the shortest and the furest, and he had the good fortune to convince

convince Isabella of Castile of the probability of CHAP. his project. He sailed from the port of Palos in August 1492, near five years before the expedition of Vasco de Gama set out from Portugal, and, after a voyage of between two and three months, discovered first some of the small Bahama or Lucayan islands, and afterwards the great island of St. Domingo.

But the countries which Columbus discovered, either in this or in any of his fubfequent voyages, had no refemblance to those which he had gone in quest of. Instead of the wealth, cultivation and populousness of China and Indostan. he found, in St. Domingo, and in all the other parts of the new world which he ever vifited, nothing but a country quite covered with wood, uncultivated, and inhabited only by fome tribes of naked and miferable favages. He was not very willing, however, to believe that they were not the fame with fome of the countries described by Marco Polo, the first European who had vifited, or at least had left behind him any description of China or the East Indies; and a very flight refemblance, fuch as that which he found between the name of Cibao, a mountain in St. Domingo, and that of Cipango, mentioned by Marco Polo, was frequently fufficient to make him return to his favourite prepoffession, though contrary to the clearest evidence. In his letters to Ferdinand and Isabella he called the countries which he had discovered, the Indies. He entertained no doubt but that they were the extremity of those which had been described BOOK described by Marco Polo, and that they were not very distant from the Ganges, or from the countries which had been conquered by Alexander. Even when at last convinced that they were different, he still slattered himself that those rich countries were at no great distance, and in a subsequent voyage, accordingly, went in quest of them along the coast of Terra Firma, and towards the isthmus of Darien.

In confequence of this miftake of Columbus, the name of the Indies has fluck to those unfortunate countries ever fince; and when it was at last clearly discovered that the new were altogether different from the old Indies, the former were called the West, in contradistinction to the latter, which were called the East Indies.

It was of importance to Columbus, however, that the countries which he had discovered, whatever they were, should be represented to the court of Spain as of very great consequence; and, in what constitutes the real riches of every country, the animal and vegetable productions of the soil, there was at that time nothing which could well justify such a representation of them.

The Cori, fomething between a rat and a rabbit, and supposed by Mr. Buffon to be the same with the Aperea of Brazil, was the largest viviparous quadruped in St. Domingo. This species seems never to have been very numerous, and the dogs and cats of the Spaniards are said to have long ago almost entirely extirpated it, as well as some other tribes of a still smaller size. These, however, together with a pretty large lizard,

called

called the Ivano or Iguana, conflituted the CHAP. principal part of the animal food which the land afforded.

The vegetable food of the inhabitants, though from their want of industry not very abundant, was not altogether so scanty. It consisted in Indian corn, yams, potatoes, bananes, &c. plants which were then altogether unknown in Europe, and which have never since been very much esteemed in it, or supposed to yield a sustenance equal to what is drawn from the common forts of grain and pulse, which have been cultivated in this part of the world time out of mind.

The cotton plant indeed afforded the material of a very important manufacture, and was at that time to Europeans undoubtedly the most valuable of all the vegetable productions of those islands. But though in the end of the fifteenth century the muslins and other cotton goods of the East Indies were much esteemed in every part of Europe, the cotton manufacture itself was not cultivated in any part of it. Even this production, therefore, could not at that time appear in the eyes of Europeans to be of very great consequence.

Finding nothing either in the animals or vegetables of the newly discovered countries, which could justify a very advantageous representation of them, Columbus turned his view towards their minerals; and in the richness of the productions of this third kingdom, he flattered himself, he had found a full compensation for the insignificancy of those of the other two. The

BOOK little bits of gold with which the inhabitants ornamented their drefs, and which, he was informed, they frequently found in the rivulets and torrents that fell from the mountains, were fufficient to fatisfy him that those mountains abounded with the richest gold mines. St. Domingo, therefore, was reprefented as a country abounding with gold, and, upon that account (according to the prejudices not only of the prefent times, but of those times), an inexhaustible source of real wealth to the crown and kingdom of Spain. When Columbus, upon his return from his first voyage, was introduced with a fort of triumphal honours to the fovereigns of Caftile and Arragon, the principal productions of the countries which he had difcovered were carried in folemn procession before him. The only valuable part of them confifted in fome little fillets, bracelets, and other ornaments of gold, and in some bales of cotton. The reft were mere objects of vulgar wonder and curiofity; fome reeds of an extraordinary fize, fome birds of a very beautiful plumage, and fome ftuffed fkins of the huge alligator and manati; all of which were preceded by fix or feven of the wretched natives, whose fingular colour and appearance added greatly to the novelty of the shew.

In confequence of the reprefentations of Columbus, the council of Castile determined to take possession of countries of which the inhabitants were plainly incapable of defending themselves. The pious purpose of converting them to Christianity fanctified the injuffice of the project. But the hope of finding treasures of gold there, was C HAP. the fole motive which prompted to undertake it; and to give this motive the greater weight, it was proposed by Columbus that the half of all the gold and filver that should be found there should belong to the crown. This proposal was approved of by the council.

As long as the whole or the far greater part of the gold, which the first adventurers imported into Europe, was got by fo very eafy a method as the plundering of the defenceless natives, it was not perhaps very difficult to pay even this heavy tax. But when the natives were once fairly stript of all that they had, which, in St. Domingo, and in all the other countries difcovered by Columbus, was done completely in fix or eight years, and when in order to find more it had become necessary to dig for it in the mines, there was no longer any possibility of paying this tax. The rigorous exaction of it, accordingly, first occasioned, it is said, the total abandoning of the mines of St. Domingo, which have never been wrought fince. It was foon reduced, therefore, to a third; then to a fifth; afterwards to a tenth; and at last to a twentieth part of the groß produce of the gold mines. The tax upon filver continued for a long time to be a fifth of the gross produce. It was reduced to a tenth only in the course of the prefent century. But the first adventurers do not appear to have been much interested about filver. Nothing lefs precious than gold feemed worthy of their attention.

BOOK IV.

All the other enterprifes of the Spaniards in the New World, fubfequent to those of Columbus, seem to have been prompted by the same motive. It was the facred thirst of gold that carried Oieda, Nicuessa, and Vasco Nugnes de Balboa, to the isthmus of Darien, that carried Cortez to Mexico, and Almagro and Pizzarro to Chili and Peru. When those adventurers arrived upon any unknown coast, their first enquiry was always if there was any gold to be found there; and according to the information which they received concerning this particular, they determined either to quit the country or to settle in it.

Of all those expensive and uncertain projects, however, which bring bankruptcy upon the greater part of the people who engage in them, there is none perhaps more perfectly ruinous than the fearch after new filver and gold mines. It is perhaps the most disadvantageous lottery in the world, or the one in which the gain of those who draw the prizes bears the least proportion to the loss of those who draw the blanks: for though the prizes are few and the blanks many, the common price of a ticket is the whole fortune of a very rich man. Projects of mining, inftead of replacing the capital employed in them, together with the ordinary profits of flock, commonly abforb both capital and profit. They are the projects, therefore, to which of all others a prudent law-giver, who defired to increase the capital of his nation, would least chuse to give any extraordinary encouragement, or to turn towards

towards them a greater share of that capital than what would go to them of its own accord. Such in reality is the absurd considence which almost all men have in their own good fortune, that wherever there is the least probability of success, too great a share of it is apt to go to them of its own accord.

But though the judgment of fober reason and experience concerning fuch projects has always been extremely unfavourable, that of human avidity has commonly been quite otherwife. The fame passion which has suggested to so many people the abfurd idea of the philosopher's stone, has fuggefted to others the equally abfurd one of immense rich mines of gold and filver. They did not confider that the value of those metals has, in all ages and nations, arifen chiefly from their fcarcity, and that their fcarcity has arisen from the very finall quantities of them which nature has any where deposited in one place, from the hard and intractable substances with which fhe has almost every where furrounded those finall quantities, and confequently from the labour and expence which are every where neceffary, in order to penetrate to and get at them. They flattered themselves that veins of those metals might in many places be found as large and as abundant as those which are commonly found of lead, or copper, or tin, or iron. The dream of Sir Walter Raleigh concerning the golden city and country of Eldorado, may fatisfy us, that even wife men are not always exempt from fuch ftrange delufions. More than

BOOK a hundred years after the death of that great man, the Jefuit Gumila was ftill convinced of the reality of that wonderful country, and expressed with great warmth, and I dare to fay, with great fincerity, how happy he should be to carry the light of the gospel to a people who could so well reward the pious labours of their

missionary.

In the countries first discovered by the Spaniards, no gold or filver mines are at prefent known which are supposed to be worth the working. The quantities of those metals which the first adventurers are said to have found there, had probably been very much magnified, as well as the fertility of the mines which were wrought immediately after the first discovery. What those adventurers were reported to have found, however, was fufficient to inflame the avidity of all their countrymen. Every Spaniard who failed to America expected to find an Eldorado. Fortune too did upon this what she has done upon very few other occasions. She realized in some measure the extravagant hopes of her votaries, and in the discovery and conquest of Mexico and Peru (of which the one happened about thirty, the other about forty years after the first expedition of Columbus), fhe prefented them with something not very unlike that profusion of the precious metals which they fought for.

A project of commerce to the East Indies, therefore, gave occasion to the first discovery of the West. A project of conquest gave occasion to all the establishments of the Spaniards in those

newly discovered countries. The motive which excited them to this conquest was a project of gold and filver mines; and a course of accidents, which no human wisdom could foresee, rendered this project much more successful than the undertakers had any reasonable ground for expecting.

The first adventurers of all the other nations of Europe, who attempted to make fettlements in America, were animated by the like chimerical views; but they were not equally fuccefsful. It was more than a hundred years after the first fettlement of the Brazils, before any filver, gold, or diamond mines were difcovered there. In the English, French, Dutch, and Danish colonies, none have ever yet been discovered; at least none that are at prefent supposed to be worth the working. The first English settlers in North America, however, offered a fifth of all the gold and filver which should be found there to the king, as a motive for granting them their patents. In the patents to Sir Walter Raleigh, to the London and Plymouth companies, to the council of Plymouth, &c. this fifth was accordingly referved to the Crown. To the expectation of finding gold and filver mines, those first fettlers too joined that of discovering a north-west pasfage to the East Indies. They have hitherto been disappointed in both.

BOOK IV.

PART SECOND.

Causes of the Prosperity of new Colonies.

THE colony of a civilized nation which takes possession, either of a waste country, or of one so thinly inhabited, that the natives easily give place to the new settlers, advances more rapidly to wealth and greatness than any other human society.

The colonists carry out with them a knowledge of agriculture and of other useful arts, Superior to what can grow up of its own accord in the course of many centuries among savage and barbarous nations. They carry out with them too the habit of fubordination, some notion of the regular government which takes place in their own country, of the fystem of laws which fupports it, and of a regular administration of justice; and they naturally establish something of the same kind in a new settlement. But among favage and barbarous nations, the natural progrefs of law and government is still flower than the natural progress of arts, after law and government have been fo far established, as is necessary for their protection. Every colonist gets more land than he can possibly cultivate. He has no rent, and fcarce any taxes to pay. No landlord shares with him in its produce, and the fhare of the fovereign is commonly but a trifle. He has every motive to render as great as poffible a produce, which is thus to be almost entirely

tirely his own. But his land is commonly fo ex- C HAP. tensive, that with all his own industry, and with VII. all the industry of other people whom he can get to employ, he can feldom make it produce the tenth part of what it is capable of producing. He is eager, therefore, to collect labourers from all quarters, and to reward them with the most liberal wages. But those liberal wages, joined to the plenty and cheapness of land, soon make those labourers leave him, in order to become landlords themselves, and to reward, with equal liberality, other labourers, who foon leave them for the same reason that they left their first master. The liberal reward of labour encourages marriage. The children, during the tender years of infancy, are well fed and properly taken care of, and when they are grown up, the value of their labour greatly overpays their maintenance. When arrived at maturity, the high price of labour, and the low price of land, enable them to establish themfelves in the fame manner as their fathers did before them.

In other countries, rent and profit eat up wages, and the two superior orders of people oppress the inferior one. But in new colonies, the interest of the two superior orders obliges them to treat the inferior one with more generosity and humanity; at least, where that inferior one is not in a state of slavery. Waste lands of the greatest natural fertility, are to be had for a trifle. The increase of revenue which the proprietor, who is always the undertaker,

expects

BOOK expects from their improvement, constitutes his profit; which in these circumstances is commonly very great. But this great profit cannot be made without employing the labour of other people in clearing and cultivating the land; and the disproportion between the great extent of the land and the small number of the people, which commonly takes place in new colonies, makes it difficult for him to get this labour. He does not, therefore, difpute about wages, but is willing to employ labour at any price. The high wages of labour encourage population. The cheapness and plenty of good land encourage improvement, and enable the proprietor to pay those high wages. In those wages consists almost the whole price of the land; and though they are high, confidered as the wages of labour, they are low, confidered as the price of what is fo very valuable. What encourages the progress of population and improvement, encourages that of real wealth and greatness.

The progress of many of the ancient Greek colonies towards wealth and greatness, seems accordingly to have been very rapid. In the course of a century or two, several of them appear to have rivalled, and even to have surpassed their mother cities. Syracuse and Agrigentum in Sicily, Tarentum and Locri in Italy, Ephesus and Miletus in Lesser Asia, appear by all accounts to have been at least equal to any of the cities of ancient Greece. Though posterior in their establishment, yet all the arts of resinement, philosophy, poetry, and eloquence, seem

to have been cultivated as early, and to have been improved as highly in them, as in any part of the mother country. The fchools of the two oldeft Greek philosophers, those of Thales and Pythagoras, were established, it is remarkable, not in ancient Greece, but the one in an Asiatic, the other in an Italian colony. All those colonies had established themselves in countries inhabited by savage and barbarous nations, who easily gave place to the new settlers. They had plenty of good land, and as they were altogether independent of the mother city, they were at liberty to manage their own affairs in the way that they judged was most suitable to their own interest.

The hiftory of the Roman colonies is by no means fo brilliant. Some of them, indeed, fuch as Florence, have, in the course of many ages, and after the fall of the mother city, grown up to be considerable states. But the progress of no one of them seems ever to have been very rapid. They were all established in conquered provinces, which, in most cases, had been fully inhabited before. The quantity of land assigned to each colonist was seldom very considerable, and as the colony was not independent, they were not always at liberty to manage their own affairs in the way that they judged was most suitable to their own interest.

In the plenty of good land, the European colonies established in America and the West Indies resemble, and even greatly surpass, those of ancient Greece. In their dependency upon

the

BOOK the mother flate, they resemble those of ancient IV. Rome; but their great distance from Europe has in all of them alleviated more or less the effects of this dependency. Their fituation has placed them less in the view and less in the power of their mother country. In purfuing their interest their own way, their conduct has, upon many occasions, been overlooked, either because not known or not understood in Europe; and upon fome occasions it has been fairly suffered and fubmitted to, because their distance rendered it difficult to restrain it. Even the violent and arbitrary government of Spain has, upon many occasions, been obliged to recall or soften the orders which had been given for the government

> The progress of all the European colonies in wealth, population, and improvement, has accordingly been very great.

> of her colonies, for fear of a general infurrection.

The crown of Spain, by its share of the gold and filver, derived fome revenue from its colonies, from the moment of their first establishment. It was a revenue too, of a nature to excite in human avidity the most extravagant expectations of still greater riches. The Spanish colonies, therefore, from the moment of their first establishment, attracted very much the attention of their mother country; while those of the other European nations were for a long time in a great measure neglected. The former did not, perhaps, thrive the better in confequence of this attention; nor the latter the worfe in confequence of this neglect. In proportion to the

extent

extent of the country which they in some mea- C H A P. fure possess, the Spanish colonies are considered, VII. as less populous and thriving than those of almost any other European nation. The progress even of the Spanish colonies, however, in population and improvement, has certainly been very rapid and very great. The city of Lima, founded fince the conquest, is represented by Ulloa, as containing fifty thousand inhabitants near thirty years ago. Quito, which had been but a miferable hamlet of Indians, is represented by the fame author as in his time equally populous. Gemelli Carreri, a pretended traveller, it is faid, indeed, but who feems every where to have written upon extreme good information, reprefents the city of Mexico as containing a hundred thousand inhabitants; a number which, in spite of all the exaggerations of the Spanish writers, is, probably, more than five times greater than what it contained in the time of Montezuma. These numbers exceed greatly those of Boston, New York, and Philadelphia, the three greatest cities of the English colonies. Before the conquest of the Spaniards there were no cattle fit for draught, either in Mexico or Peru. The lama was their only beaft of burden, and its ftrength feems to have been a good deal inferior to that of a common ass. The plough was unknown among them. They were ignorant of the use of iron. They had no coined money, nor any established instrument of commerce of any kind. Their commerce was carried on by barter. A fort of wooden spade was their princi-

BOOK pal instrument of agriculture. Sharp stones served them for knives and hatchets to cut with; fish bones and the hard finews of certain animals ferved them for needles to few with; and thefe feem to have been their principal instruments of trade. In this flate of things, it feems impoffible, that either of those empires could have been fo much improved or fo well cultivated as at prefent, when they are plentifully furnished with all forts of European cattle, and when the use of iron, of the plough, and of many of the arts of Europe, has been introduced among them. But the populousness of every country must be in proportion to the degree of its improvement and cultivation. In fpite of the cruel destruction of the natives which followed the conquest, these two great empires are, probably, more populous now than they ever were before: and the people are furely very different; for we must acknowledge, I apprehend, that the Spanish creoles are in many respects superior to the

After the fettlements of the Spaniards, that of the Portugueze in Brazil is the oldest of any European nation in America. But as for a long time after the first discovery, neither gold nor filver mines were found in it, and as it afforded, upon that account, little or no revenue to the crown, it was for a long time in a great measure neglected; and during this state of neglect, it grew up to be a great and powerful colony. While Portugal was under the dominion of Spain, Brazil was attacked by the Dutch, who

ancient Indians.

got possession of seven of the fourteen provinces C H A P. into which it is divided. They expected foon to conquer the other feven, when Portugal recovered its independency, by the elevation of the family of Braganza to the throne. The Dutch then, as enemies to the Spaniards, became friends to the Portugueze, who were likewise the enemies of the Spaniards. They agreed, therefore, to leave that part of Brazil, which they had not conquered, to the King of Portugal, who agreed to leave that part which they had conquered to them, as a matter not worth disputing about with fuch good allies. But the Dutch government foon began to oppress the Portugueze colonifts, who, inftead of amufing themfelves with complaints, took arms against their new mafters, and by their own valour and refolution, with the connivance, indeed, but without any avowed affiftance from the mother country, drove them out of Brazil. The Dutch, therefore, finding it impossible to keep any part of the country to themselves, were contented that it should be entirely restored to the crown of Portugal. In this colony there are faid to be more than fix hundred thousand people, either Portugueze, or descended from Portugueze, creoles, mulattoes, and a mixed race between Portugueze and Brazilians. No one colony in America is supposed to contain so great a number of people of European extraction.

Towards the end of the fifteenth, and during the greater part of the fixteenth century, Spain and Portugal were the two great naval powers

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BOOK upon the ocean: for though the commerce of Venice extended to every part of Europe, its fleets had fcarce ever failed beyond the Mediterranean. The Spaniards, in virtue of the first discovery, claimed all America as their own; and though they could not hinder fo great a naval power as that of Portugal from fettling in Brazil, fuch was, at that time, the terror of their name, that the greater part of the other nations of Europe were afraid to establish themselves in any other part of that great continent. The French, who attempted to fettle in Florida, were all murdered by the Spaniards. But the declenfion of the naval power of this latter nation, in consequence of the defeat or miscarriage of, what they called, their Invincible Armada, which happened towards the end of the fixteenth century, put it out of their power to obstruct any longer the fettlements of the other European nations. In the course of the seventeenth century, therefore, the English, French, Dutch, Danes, and Swedes, all the great nations who had any ports upon the ocean, attempted to make fome fettlements in the New World.

The Swedes established themselves in New Jerfey; and the number of Swedish families still to be found there, fufficiently demonstrates, that this colony was very likely to profper, had it been protected by the mother country. But being neglected by Sweden, it was foon fwallowed up by the Dutch colony of New York, which, again, in 1674, fell under the dominion of the English.

The

The fmall islands of St. Thomas and Santa CHAP. Cruz are the only countries in the New World VII. that have ever been possessed by the Danes. These little fettlements too were under the government of an exclusive company, which had the fole right, both of purchafing the furplus produce of the colonists, and of supplying them with fuch goods of other countries as they wanted, and which, therefore, both in its purchases and sales, had not only the power of oppreffing them, but the greatest temptation to do fo. The government of an exclusive company of merchants is, perhaps, the worst of all governments for any country whatever. It was not, however, able to ftop altogether the progress of these colonies, though it rendered it more flow and languid. The late King of Denmark diffolved this company, and fince that time the prosperity of these colonies has been very great.

The Dutch fettlements in the Weft, as well as those in the East Indies, were originally put under the government of an exclusive company. The progress of some of them, therefore, though it has been considerable, in comparison with that of almost any country that has been long peopled and established, has been languid and slow in comparison with that of the greater part of new colonies. The colony of Surinam, though very considerable, is still inferior to the greater part of the sugar colonies of the other European nations. The colony of Nova Belgia, now divided into the two provinces of New York and New Jersey,

BOOK Jersey, would probably have foon become considerable too, even though it had remained under the government of the Dutch. The plenty and cheapness of good land are such powerful causes of prosperity, that the very worst government is scarce capable of checking altogether the efficacy of their operation. The great diftance too from the mother country would enable the colonifts to evade more or lefs, by fmuggling, the monopoly which the company enjoyed against them. At prefent the company allows all Dutch ships to trade to Surinam upon paying two and a half per cent. upon the value of their cargo for a licence; and only referves to itfelf exclusively the direct trade from Africa to America, which confifts almost entirely in the flave trade. This relaxation in the exclusive privileges of the company, is probably the principal cause of that degree of prosperity which that colony at present enjoys. Curaçoa and Eustatia, the two principal islands belonging to the Dutch, are free ports, open to the ships of all nations; and this freedom, in the midst of better colonies whose ports are open to those of one nation only, has been the great cause of the prosperity of those two barren islands.

The French colony of Canada was, during the greater part of the last century, and some part of the present, under the government of an exclusive company. Under so unfavourable an administration its progress was necessarily very slow in comparison with that of other new colonies; but it became much more rapid when this company

company was diffolved after the fall of what e hap is called the Miffiffippi scheme. When the English got possession of this country, they found in it near double the number of inhabitants which Father Charlevoix had assigned to it between twenty and thirty years before. That Jesuit had travelled over the whole country, and had no inclination to represent it as less considerable than it really was.

The French colony of St. Domingo was eftablished by pirates and free-booters, who, for a long time, neither required the protection, nor acknowledged the authority of France; and when that race of banditti became fo far citizens as to acknowledge this authority, it was for a long time necessary to exercise it with very great gentleness. During this period the population and improvement of this colony increased very fast. Even the oppression of the exclusive company, to which it was for some time subjected, with all the other colonies of France, though it no doubt retarded, had not been able to ftop its progrefs altogether. The course of its prosperity returned as soon as it was relieved from that oppression. It is now the most important of the fugar colonies of the West Indies, and its produce is faid to be greater than that of all the English sugar colonies put together. The other fugar colonies of France are in general all very thriving.

But there are no colonies of which the progress has been more rapid than that of the English in North America.

Plenty

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Plenty of good land, and liberty to manage their own affairs their own way, feem to be the two great causes of the prosperity of all new colonies.

In the plenty of good land the English colonies of North America, though, no doubt, very abundantly provided, are, however, inferior to those of the Spaniards and Portuguese, and not superior to some of those possessed by the French before the late war. But the political institutions of the English colonies have been more favourable to the improvement and cultivation of this land, than those of any of the other three nations.

First, the engrossing of uncultivated land, though it has by no means been prevented altogether, has been more restrained in the English colonies than in any other. The colony law which imposes upon every proprietor the obligation of improving and cultivating, within a limited time, a certain proportion of his lands, and which, in case of failure, declares those neglected lands grantable to any other person; though it has not, perhaps, been very strictly executed, has, however, had some effect.

Secondly, in Pennfylvania there is no right of primogeniture, and lands, like moveables, are divided equally among all the children of the family. In three of the provinces of New England the oldest has only a double share, as in the Mosaical law. Though in those provinces, therefore, too great a quantity of land should sometimes be engrossed by a particular

particular individual, it is likely, in the course C HAP. of a generation or two, to be fufficiently divided again. In the other English colonies, indeed, the right of primogeniture takes place, as in the law of England. But in all the English colonies the tenure of the lands, which are all held by free focage, facilitates alienation, and the grantee of any extensive tract of land, generally finds it for his interest to alienate, as fast as he can, the greater part of it, referving only a fmall quitrent. In the Spanish and Portuguese colonies, what is called the right of Majorazzo * takes place in the fuccession of all those great estates to which any title of honour is annexed. Such eftates go all to one person, and are in effect entailed and unalienable. The French colonies, indeed, are subject to the custom of Paris, which, in the inheritance of land, is much more favourable to the younger children than the law of England. But, in the French colonies, if any part of an estate, held by the noble tenure of chivalry and homage, is alienated, it is, for a limited time, fubject to the right of redemption, either by the heir of the fuperior or by the heir of the family; and all the largest estates of the country are held by fuch noble tenures, which necessarily embarrass alienation. But, in a new colony, a great uncultivated estate is likely to be much more fpeedily divided by alienation than by fuccession. The plenty and cheapness of good land, it has already been observed, are the principal causes of the rapid prosperity of new

IV. It of the engroffing of land, in effect, defive ftroys this plenty and cheapnefs. The engroffing of uncultivated land, befides, is the greatest obstruction to its improvement. But the labour that is employed in the improvement and cultivation of land affords the greatest and most valuable produce to the society. The produce of labour, in this case, pays not only its own wages, and the prosit of the stock which employs it, but the rent of the land too upon which it is employed. The labour of the English colonists, therefore, being more employed in the improvement and cultivation of land, is likely to afford a greater and more valuable produce, than that of any of the other three nations, which, by the engrofsing of land, is more or less diverted towards other employments.

Thirdly, the labour of the English colonists is not only likely to afford a greater and more valuable produce, but, in confequence of the moderation of their taxes, a greater proportion of this produce belongs to themselves, which they may store up and employ in putting into motion a still greater quantity of labour. The English colonists have never yet contributed any thing towards the defence of the mother country, or towards the support of its civil government. They themselves, on the contrary, have hitherto been defended almost entirely at the expence of the mother country. But the expence of fleets and armies is out of all proportion greater than the necessary expence of civil government. The expence of their own civil government

government has always been very moderate. It C HAP. has generally been confined to what was necef-fary for paying competent falaries to the governor, to the judges, and to fome other officers of police, and for maintaining a few of the most useful public works. The expence of the civil establishment of Massachusett's Bay, before the commencement of the prefent diffurbances, used to be but about 18,000 l. a year. That of New Hampshire and Rhode Island 3,500l. each. That of Connecticut 4,000 l. That of New York and Pennfylvania 4,500l. each. That of New Jersey 1,200l. That of Virginia and South Carolina 8,000l. each. The civil establishments of Nova Scotia and Georgia are partly supported by an annual grant of Parliament. But Nova Scotia pays, besides, about 7,000 l. a year towards the public expences of the colony; and Georgia about 2,500 l. a year. All the different civil establishments in North America, in short, exclusive of those of Maryland and North Carolina, of which no exact account has been got, did not, before the commencement of the present diffurbances, cost the inhabitants above 64,700l. a year; an ever-memorable example at how fmall an expence three millions of people may not only be governed, but well governed. The most important part of the expence of government, indeed, that of defence and protection, has constantly fallen upon the mother country. The ceremonial too of the civil government in the colonies, upon the reception of a new governor, upon the opening of a new affembly, &c. though B B 3

BOOK though fufficiently decent, is not accompanied iv. with any expensive pomp or parade. Their ecclesiastical government is conducted upon a plan equally frugal. Tithes are unknown among them; and their clergy, who are far from being numerous, are maintained either by moderate flipends, or by the voluntary contributions of the people. The power of Spain and Portugal, on the contrary, derives fome support from the taxes levied upon their colonies. France, indeed, has never drawn any confiderable revenue from its colonies, the taxes which it levies upon them being generally fpent among them. But the colony government of all these three nations is conducted upon a much more expensive plan, and is accompanied with a much more expensive ceremonial. The fums fpent upon the reception of a new viceroy of Peru, for example, have frequently been enormous. Such ceremonials are not only real taxes paid by the rich colonifts upon those particular occasions, but they serve to introduce among them the habit of vanity and expence upon all other occasions. They are not only very grievous occasional taxes, but they contribute to establish perpetual taxes of the same kind still more grievous; the ruinous taxes of private luxury and extravagance. In the colonies of all those three nations too, the ecclesiastical government is extremely oppressive. Tithes take place in all of them, and are levied with the utmost rigour in those of Spain and Portugal. All of them besides are oppressed with a numerous race of mendicant friars, whose beggary being

being not only licenfed, but confecrated by religion, is a most grievous tax upon the poor people, who are most carefully taught that it is a duty to give, and a very great sin to resuse them their charity. Over and above all this, the clergy are, in all of them, the greatest engrossers of land.

Fourthly, in the disposal of their surplus produce, or of what is over and above their own consumption, the English colonies have been more favoured, and have been allowed a more extensive market, than those of any other European nation. Every European nation has endeavoured more or less to monopolize to itself the commerce of its colonies, and, upon that account, has prohibited the ships of foreign nations from trading to them, and has prohibited them from importing European goods from any foreign nation. But the manner in which this monopoly has been exercised in different nations has been very different.

Some nations have given up the whole commerce of their colonies to an exclusive company, of whom the colonies were obliged to buy all such European goods as they wanted, and to whom they were obliged to fell the whole of their own surplus produce. It was the interest of the company, therefore, not only to fell the former as dear, and to buy the latter as cheap as possible, but to buy no more of the latter, even at this low price, than what they could dispose of for a very high price in Europe. It was their interest, not only to degrade in all cases the

BOOK value of the furplus produce of the colony, but in many cases to discourage and keep down the natural increase of its quantity. Of all the expedients that can well be contrived to stunt the natural growth of a new colony, that of an exclusive company is undoubtedly the most effectual. This, however, has been the policy of Holland, though their company, in the course of the present century, has given up in many respects the exertion of their exclusive privilege. This too was the policy of Denmark till the reign of the late king. It has occasionally been the policy of France, and of late, since 1755,

and Marannon.

Other nations, without establishing an exclusive company, have confined the whole commerce of their colonies to a particular port of the mother country, from whence no ship was allowed to sail, but either in a sleet and at a particular season, or, if single, in consequence of a particular licence, which in most cases was very well paid for. This policy opened, indeed, the trade of the colonies to all the natives of the mother country, provided they traded from the proper port, at the proper season, and in the proper vessels. But as all the different merchants, who joined their stocks in order to sit out those licensed vessels, would find it for their interest to act in concert, the trade which was

after it had been abandoned by all other nations, on account of its abfurdity, it has become the policy of Portugal with regard at least to two of the principal provinces of Brazil, Fernambuco

carried

carried on in this manner would necessarily be C HAP. conducted very nearly upon the fame principles as that of an exclusive company. The profit of those merchants would be almost equally exorbitant and oppreffive. The colonies would be ill fupplied, and would be obliged both to buy very dear and to fell very cheap. This, however, till within thefe few years, had always been the policy of Spain, and the price of all European goods, accordingly, is faid to have been enormous in the Spanish West Indies. At Quito, we are told by Ulloa, a pound of iron fold for about four and fixpence, and a pound of fteel for about fix and nine-pence sterling. But it is chiefly in order to purchase European goods, that the colonies part with their own produce. The more, therefore, they pay for the one, the less they really get for the other, and the dearness of the one is the same thing with the cheapness of the other. The policy of Portugal is in this respect the same as the ancient policy of Spain, with regard to all its colonies, except Fernambuco and Marannon, and with regard to thefe it has lately adopted a still worfe.

Other nations leave the trade of their colonies free to all their subjects, who may carry it on from all the different ports of the mother country, and who have occasion for no other licence than the common dispatches of the customhouse. In this case the number and dispersed situation of the different traders renders it impossible for them to enter into any general combination, and their competition is sufficient to hinder them

BOOK from making very exorbitant profits. Under fo liberal a policy the colonies are enabled both to fell their own produce and to buy the goods of Europe at a reasonable price. But since the diffolution of the Plymouth company, when our colonies were but in their infancy, this has always been the policy of England. It has generally too been that of France, and has been uniformly fo fince the diffolution of what, in England, is commonly called their Mississippi company. The profits of the trade, therefore, which France and England carry on with their colonies, though no doubt fomewhat higher than if the competition was free to all other nations, are, however, by no means exorbitant; and the price of European goods accordingly is not extravagantly high in the greater part of the colonies of either of those nations.

> In the exportation of their own furplus produce too, it is only with regard to certain commodities that the colonies of Great Britain are confined to the market of the mother country. These commodities having been enumerated in the act of navigation and in some other subsequent acts, have upon that account been called enumerated commodities. The reft are called nonenumerated; and may be exported directly to other countries, provided it is in British or Plantation ships, of which the owners and threefourths of the mariners are British subjects.

> Among the non-enumerated commodities are some of the most important productions of Ame

rica and the West Indies; grain of all forts, C HAP. lumber, falt provisions, fish, sugar, and rum.

Grain is naturally the first and principal ob-

Grain is naturally the first and principal object of the culture of all new colonies. By allowing them a very extensive market for it, the law encourages them to extend this culture much beyond the consumption of a thinly inhabited country, and thus to provide beforehand an ample subsistence for a continually increasing population.

In a country quite covered with wood, where timber confequently is of little or no value, the expence of clearing the ground is the principal obstacle to improvement. By allowing the colonies a very extensive market for their lumber, the law endeavours to facilitate improvement by raising the price of a commodity which would otherwise be of little value, and thereby enabling them to make some profit of what would other-

wife be mere expence.

In a country neither half-peopled nor half-cultivated, cattle naturally multiply beyond the confumption of the inhabitants, and are often upon that account of little or no value. But it is necessary, it has already been shewn, that the price of cattle should bear a certain proportion to that of corn before the greater part of the lands of any country can be improved. By allowing to American cattle, in all shapes, dead and alive, a very extensive market, the law endeavours to raise the value of a commodity of which the high price is so very essential to improvement. The good effects of this liberty, however,

book however, must be somewhat diminished by the 4th of George III. c. 15. which puts hides and skins among the enumerated commodities, and thereby tends to reduce the value of American cattle.

To increase the shipping and naval power of Great Britain, by the extension of the fisheries of our colonies, is an object which the legislature feems to have had almost constantly in view. Those fisheries, upon this account, have had all the encouragement which freedom can give them, and they have flourished accordingly. The New England fishery in particular was, before the late diffurbances, one of the most important, perhaps, in the world. The whalefishery which, notwithstanding an extravagant bounty, is in Great Britain carried on to fo little purpose, that in the opinion of many people (which I do not, however, pretend to warrant) the whole produce does not much exceed the value of the bounties which are annually paid for it, is in New England carried on without any bounty to a very great extent. Fish is one of the principal articles with which the North Americans trade to Spain, Portugal, and the Mediterranean.

Sugar was originally an enumerated commodity which could be exported only to Great Britain. But in 1731, upon a representation of the fugar planters, its exportation was permitted to all parts of the world. The restrictions, however, with which this liberty was granted, joined to the high price of fugar in Great Britain, have rendered

rendered it, in a great measure, ineffectual. CHAP. Great Britain and her colonies still continue to be almost the sole market for all the sugar produced in the British plantations. Their consumption increases so fast, that, though in consequence of the increasing improvement of Jamaica, as well as of the Ceded Islands, the importation of sugar has increased very greatly within these twenty years, the exportation to foreign countries is said to be not much greater than before.

Rum is a very important article in the trade which the Americans carry on to the coast of Africa, from which they bring back negro slaves in return.

If the whole furplus produce of America in grain of all forts, in falt provisions, and in fish, had been put into the enumeration, and thereby forced into the market of Great Britain, it would have interfered too much with the produce of the industry of our own people. It was probably not so much from any regard to the interest of America, as from a jealousy of this interference, that those important commodities have not only been kept out of the enumeration, but that the importation into Great Britain of all grain, except rice, and of falt provisions, has, in the ordinary state of the law, been prohibited.

The non-enumerated commodities could originally be exported to all parts of the world. Lumber and rice, having been once put into the enumeration, when they were afterwards taken out of it, were confined, as to the European market, to the countries that lie fouth of Cape

Finisterre.

BOOK Finisterre. By the 6th of George III. c. 52. all non-enumerated commodities were subjected to the like reftriction. The parts of Europe which lie fouth of Cape Finisterre, are not manufacturing countries, and we were less jealous of the colony ships carrying home from them any manufactures which could interfere with our own.

> The enumerated commodities are of two forts: first, such as are either the peculiar produce of America, or as cannot be produced, or at leaft are not produced, in the mother country. Of this kind are, melaffes, coffee, cocoa-nuts, tobacco, pimento, ginger, whale-fins, raw filk, cotton-wool, beaver and other peltry of America, indigo, fuftic, and other dying woods: fecondly, fuch as are not the peculiar produce of America, but which are and may be produced in the mother country, though not in fuch quantities as to supply the greater part of her demand, which is principally supplied from foreign countries. Of this kind are all naval stores, masts, vards, and bowsprits, tar, pitch, and turpentine, pig and bar iron, copper ore, hides and skins, pot and pearl ashes. The largest importation of commodities of the first kind could not discourage the growth or interfere with the fale of any part of the produce of the mother country. By confining them to the home market, our merchants, it was expected, would not only be enabled to buy them cheaper in the Plantations, and confequently to fell them with a better profit at home, but to establish between the Plantations and foreign countries an advantageous carrying

be the center or emporium, as the European country into which those commodities were first to be imported. The importation of commodities of the second kind might be so managed too, it was supposed, as to interfere, not with the sale of those of the same kind which were produced at home, but with that of those which were imported from foreign countries; because, by means of proper duties, they might be rendered always somewhat dearer than the sormer, and yet a good deal cheaper than the latter. By confining such commodities to the home market, therefore, it was proposed to discourage the produce, not of Great Britain, but of some foreign countries with which the balance of trade was believed to be unfavourable to Great Britain.

The prohibition of exporting from the colonies, to any other country but Great Britain, masts, yards, and bowsprits, tar, pitch, and turpentine, naturally tended to lower the price of timber in the colonies, and consequently to increase the expence of clearing their lands, the principal obstacle to their improvement. But about the beginning of the present century, in 1703, the pitch and tar company of Sweden endeavoured to raise the price of their commodities to Great Britain, by prohibiting their exportation, except in their own ships, at their own price, and in such quantities as they thought proper. In order to counteract this notable piece of mercantile policy, and to render herself

BOOK as much as possible independent, not only of Sweden, but of all the other northern powers, Great Britain gave a bounty upon the importation of naval stores from America, and the effect of this bounty was to raise the price of timber in America, much more than the confinement to the home market could lower it; and as both regulations were enacted at the same time, their joint effect was rather to encourage than to dis-

courage the clearing of land in America.

Though pig and bar iron too have been put among the enumerated commodities, yet as, when imported from America, they are exempted from confiderable duties to which they are fubject when imported from any other country, the one part of the regulation contributes more to encourage the erection of furnaces in America, than the other to difcourage it. There is no manufacture which occasions so great a confumption of wood as a furnace, or which can contribute so much to the clearing of a country overgrown with it.

The tendency of fome of these regulations to raise the value of timber in America, and thereby to facilitate the clearing of the land, was neither, perhaps, intended nor understood by the legislature. Though their beneficial effects, however, have been in this respect accidental, they have not upon that account been less real.

The most perfect freedom of trade is permitted between the British colonies of America and the West Indies, both in the enumerated and in the non-enumerated commodities. Those colonies are

now become so populous and thriving, that each CHAP. of them finds in some of the others a great and extensive market for every part of its produce. All of them taken together, they make a great internal market for the produce of one another.

The liberality of England, however, towards the trade of her colonies has been confined chiefly to what concerns the market for their produce, either in its rude state, or in what may be called the very first stage of manufacture. The more advanced or more refined manufactures even of the colony produce, the merchants and manufacturers of Great Britain chuse to referve to themselves, and have prevailed upon the legislature to prevent their establishment in the colonies, fometimes by high duties, and fometimes by absolute prohibitions.

While, for example, Mufkovado fugars from the British plantations, pay upon importation only 6s. 4d. the hundred weight; white fugars pay 11. 1s. 1d.; and refined, either double or fingle, in loaves 4l. 2s. $5\frac{3}{20}d$. When those high duties were imposed, Great Britain was the fole, and she still continues to be the principal market to which the fugars of the British colonies could be exported. They amounted therefore to a prohibition, at first of claying or refining fugar for any foreign market, and at prefent of claying or refining it for the market, which takes off, perhaps, more than nine-tenths of the whole produce. The manufacture of claying or refining fugar accordingly, though it has flourished in all the fugar colonies of France, has

BOOK been little cultivated in any of those of England, except for the market of the colonies themselves. While Grenada was in the hands of the French, there was a refinery of fugar, by claying at leaft, upon almost every plantation. Since it fell into those of the English, almost all works of this kind have been given up, and there are at present, October 1773; I am assured, not above two or three remaining in the island. At prefent, however, by an indulgence of the cuftomhouse, clayed or refined sugar, if reduced from loaves into powder, is commonly imported as Muskovado.

> While Great Britain encourages in America the manufactures of pig and bar iron, by exempting them from duties to which the like commodities are subject when imported from any other country, fhe imposes an absolute prohibition upon the erection of steel furnaces and slitmills in any of her American plantations. She will not fuffer her colonists to work in those more refined manufactures even for their own confumption; but infifts upon their purchasing of her merchants and manufacturers all goods of this kind which they have occasion for.

> She prohibits the exportation from one province to another by water, and even the carriage by land upon horseback or in a cart, of hats, of wools and woollen goods, of the produce of America; a regulation which effectually prevents the establishment of any manufacture of such commodities for diftant fale, and confines the industry of her colonists in this way to such

coarfe

coarfe and household manufactures, as a private C H A P. family commonly makes for its own use, or for that of some of its neighbours in the same province.

To prohibit a great people, however, from making all that they can of every part of their own produce, or from employing their flock and industry in the way that they judge most advantageous to themselves, is a manifest violation of the most facred rights of mankind. Unjust, however, as fuch prohibitions may be, they have not hitherto been very hurtful to the colonies. Land is ftill fo cheap, and, confequently, labour fo dear among them, that they can import from the mother country, almost all the more refined or more advanced manufactures cheaper than they could make them for themselves. Though they had not, therefore, been prohibited from establishing such manufactures, yet in their prefent flate of improvement, a regard to their own interest would, probably, have prevented them from doing fo. In their present state of improvement, those prohibitions, perhaps, without cramping their industry, or restraining it from any employment to which it would have gone of its own accord, are only impertinent badges of flavery imposed upon them, without any sufficient reafon, by the groundless jealousy of the merchants and manufacturers of the mother country. In a more advanced state they might be really oppresfive and insupportable.

Great Britain too, as she confines to her own market some of the most important productions

. Per ation.

BOOK of the colonies, fo in compensation she gives to fome of them an advantage in that market; fometimes by imposing higher duties upon the like productions when imported from other countries, and fometimes by giving bounties upon their importation from the colonies. In the first way she gives an advantage in the home-market to the fugar, tobacco, and iron of her own colonies, and in the fecond to their raw filk, to their hemp and flax, to their indigo, to their naval-stores, and to their building-timber. This fecond way of encouraging the colony produce by bounties upon importation, is, fo far as I have been able to learn, peculiar to Great Britain. The first is not. Portugal does not content herfelf with impofing higher duties upon the importation of tobacco from any other country, but prohibits it under the feverest penalties.

With regard to the importation of goods from Europe, England has likewife dealt more liberally with her colonies than any other nation.

Great Britain allows a part, almost always the half, generally a larger portion, and fometimes the whole of the duty which is paid upon the importation of foreign goods, to be drawn back upon their exportation to any foreign country. No independent foreign country, it was eafy to foresee, would receive them if they came to it loaded with the heavy duties to which almost all foreign goods are subjected on their importation into Great Britain. Unless, therefore, some part of those duties was drawn back upon exportation. E 0 0 10

portation, there was an end of the carrying C H A P. trade; a trade fo much favoured by the mercantile fystem.

Our colonies, however, are by no means independent foreign countries; and Great Britain having affumed to herfelf the exclusive right of fupplying them with all goods from Europe, might have forced them (in the same manner as other countries have done their colonies) to receive fuch goods, loaded with all the fame duties which they paid in the mother country. But, on the contrary, till 1763, the same drawbacks were paid upon the exportation of the greater part of foreign goods to our colonies as to any independent foreign country. In 1763, indeed, by the 4th of Geo. III. c. 15. this indulgence was a good deal abated, and it was enacted, "That no part of the duty called the " old fubfidy should be drawn back for any " goods of the growth, production, or manu-" facture of Europe or the East Indies, which " fhould be exported from this kingdom to any " British colony or plantation in America; " wines, white callicoes and muslins excepted." Before this law, many different forts of foreign goods might have been bought cheaper in the plantations than in the mother country; and fome may still.

Of the greater part of the regulations concerning the colony trade, the merchants who carry it on, it must be observed, have been the principal advifers. We must not wonder, there-C C 3

fore,

BOOK fore, if in the greater part of them, their interest has been more considered than either that of the colonies or that of the mother country. In their exclusive privilege of supplying the colonies with all the goods which they wanted from Europe, and of purchasing all such parts of their surplus produce as could not interfere with any of the trades which they themselves carried on at home, the interest of the colonies was facrificed to the interest of those merchants. In allowing the fame drawbacks upon the reexportation of the greater part of European and East India goods to the colonies, as upon their re-exportation to any independent country, the interest of the mother country was facrificed to it, even according to the mercantile ideas of that interest. It was for the interest of the merchants to pay as little as possible for the foreign goods which they fent to the colonies, and confequently, to get back as much as possible of the duties which they advanced upon their importa-tion into Great Britain. They might thereby be enabled to fell in the colonies, either the fame quantity of goods with a greater profit, or a greater quantity with the same profit, and, confequently, to gain fomething either in the one way or the other. It was, likewife, for the interest of the colonies to get all such goods as cheap and in as great abundance as possible. But this might not always be for the interest of the mother country. She might frequently fuffer both in her revenue, by giving back a great

great part of the duties which had been paid C HAP. upon the importation of fuch goods; and in her manufactures, by being underfold in the colony market, in confequence of the eafy terms upon which foreign manufactures could be carried thither by means of those drawbacks. The progress of the linen manufacture of Great Britain, it is commonly said, has been a good deal retarded by the drawbacks upon the re-exportation of German linen to the American colonies.

But though the policy of Great Britain with regard to the trade of her colonies has been dictated by the same mercantile spirit as that of other nations, it has, however, upon the whole, been less illiberal and oppressive than that of any of them.

In every thing, except their foreign trade, the liberty of the English colonists to manage their own affairs their own way is complete. It is in every respect equal to that of their fellow-citizens at home, and is secured in the same manner, by an assembly of the representatives of the people, who claim the sole right of imposing taxes for the support of the colony government. The authority of this assembly over-awes the executive power, and neither the meanest nor the most obnoxious colonist, as long as he obeys the law, has any thing to fear from the resentment, either of the governor, or of any other civil or military officer in the province. The colony assemblies, though, like the house of commons in England, they are not always a very equal representation of the people, yet they ap-

BOOK proach more nearly to that character; and as the executive power either has not the means to corrupt them, or, on account of the support which it receives from the mother country, is not under the necessity of doing so, they are perhaps in general more influenced by the inclinations of their conftituents. The councils, which, in the colony legislatures, correspond to the house of lords in Great Britain, are not composed of an hereditary nobility. In some of the colonies, as in three of the governments of New England, those councils are not appointed by the King, but chosen by the representatives of the people. In none of the English colonies is there any hereditary nobility. In all of them, indeed, as in all other free countries, the defcendant of an old colony family is more respected than an upftart of equal merit and fortune: but he is only more respected, and he has no privileges by which he can be troublesome to his neighbours. Before the commencement of the present disturbances, the colony assemblies had not only the legislative, but a part of the executive power. In Connecticut and Rhode Island, they elected the governor. In the other colonies they appointed the revenue officers who collected the taxes imposed by those respective affemblies, to whom those officers were immediately responsible. There is more equality, therefore, among the English colonists than among the inhabitants of the mother country. Their manners are more republican, and their governments, those of three of the provinces of

New

New England in particular, have hitherto been C HAP. more republican too:

The absolute governments of Spain, Portugal, and France, on the contrary, take place in their colonies; and the discretionary powers which fuch governments commonly delegate to all their inferior officers are, on account of the great distance, naturally exercised there with more than ordinary violence. Under all abfolute governments there is more liberty in the capital than in any other part of the country. The fovereign himfelf can never have either interest or inclination to pervert the order of juffice, or to oppress the great body of the people. In the capital his prefence over-awes more or less all his inferior officers, who in the remoter provinces, from whence the complaints of the people are less likely to reach him, can exercife their tyranny with much more fafety. But the European colonies in America are more remote than the most distant provinces of the greatest empires which had ever been known before. The government of the English colonies is perhaps the only one which, fince the world began, could give perfect fecurity to the inhabitants of fo very diftant a province. The administration of the French colonies, however, has always been conducted with more gentleness and moderation than that of the Spanish and Portuguese. This superiority of conduct is suitable both to the character of the French nation. and to what forms the character of every nation. the nature of their government, which, though arbitrary

BOOK arbitrary and violent in comparison with that of IV. Great Britain, is legal and free in comparison with those of Spain and Portugal.

It is in the progress of the North American colonies, however, that the superiority of the English policy chiefly appears. The progress of the sugar colonies of France has been at least equal, perhaps superior, to that of the greater part of those of England; and yet the sugar colonies of England enjoy a free government nearly of the same kind with that which takes place in her colonies of North America. But the sugar colonies of France are not discouraged, like those of England, from resining their own sugar; and, what is of still greater importance, the genius of their government naturally introduces a better management of their negro slaves.

In all European colonies the culture of the fugar-cane is carried on by negro flaves. The conflitution of those who have been born in the temperate climate of Europe could not, it is supposed, support the labour of digging the ground under the burning sun of the West Indies; and the culture of the sugar-cane, as it is managed at present, is all hand-labour, though, in the opinion of many, the drill plough might be introduced into it with great advantage. But, as the profit and success of the cultivation which is carried on by means of cattle, depend very much upon the good management of those cattle; so the profit and success of that which is carried on by slaves, must depend equally upon the good management of those slaves; and in the

good management of their flaves the French CHAP. planters, I think it is generally allowed, are fuperior to the English. The law, so far as it gives some weak protection to the slave against the violence of his master, is likely to be better executed in a colony where the government is in a great measure arbitrary, than in one where it is altogether free. In every country where the unfortunate law of flavery is established, the magistrate, when he protects the slave, intermeddles in fome measure in the management of the private property of the master; and, in a free country, where the mafter is perhaps either a member of the colony affembly, or an elector of fuch a member, he dare not do this but with the greatest caution and circumspection. The respect which he is obliged to pay to the master, renders it more difficult for him to protect the flave. But in a country where the government is in a great measure arbitrary, where it is usual for the magistrate to intermeddle even in the management of the private property of individuals, and to fend them, perhaps, a lettre de cachet if they do not manage it according to his liking, it is much easier for him to give some protection to the flave; and common humanity naturally difposes him to do fo. The protection of the magistrate renders the slave less contemptible in the eyes of his master, who is thereby induced to confider him with more regard, and to treat him with more gentlenefs. Gentle usage renders the flave not only more faithful, but more intelligent, and therefore,

proaches more to the condition of a free fervant, and may possess from degree of integrity and attachment to his master's interest, virtues which frequently belong to free servants, but which never can belong to a slave, who is treated as slaves commonly are in countries where the master is perfectly free and secure.

That the condition of a flave is better under an arbitrary than under a free government, is, I believe, supported by the history of all ages and nations. In the Roman history, the first time we read of the magistrate interposing to protect the flave from the violence of his mafter, is under the emperors. When Vedius Pollio, in the prefence of Augustus, ordered one of his flaves, who had committed a flight fault, to be cut into pieces and thrown into his fish-pond in order to feed his fishes, the Emperor commanded him, with indignation, to emancipate immediately, not only that flave, but all the others that belonged to him. Under the republic no magistrate could have had authority enough to protect the flave, much less to punish the master.

The flock, it is to be observed, which has improved the sugar colonies of France, particularly the great colony of St. Domingo, has been raised almost entirely from the gradual improvement and cultivation of those colonies. It has been almost altogether the produce of the soil and of the industry of the colonists, or, what comes to the same thing, the price of that produce gradually accumulated by good manage-

ment,

ment, and employed in raising a still greater C HAP. produce. But the flock which has improved and VIL cultivated the fugar colonies of England has, a great part of it, been fent out from England, and has by no means been altogether the produce of the foil and industry of the colonists. The prosperity of the English sugar colonies has been, in a great measure, owing to the great riches of England, of which a part has overflowed, if one may fay fo, upon those colonies. But the prosperity of the sugar colonies of France has been entirely owing to the good conduct of the colonists, which must therefore have had fome fuperiority over that of the English; and this superiority has been remarked in nothing fo much as in the good management of their

Such have been the general outlines of the policy of the different European nations with regard to their colonies.

The policy of Europe, therefore, has very little to boast of, either in the original establishment, or, so far as concerns their internal government, in the subsequent prosperity of the colonies of America.

Folly and injustice feem to have been the principles which prefided over and directed the first project of establishing those colonies; the folly of hunting after gold and silver mines, and the injustice of coveting the possession of a country whose harmless natives, far from having ever injured the people of Europe, had received the first

B O O K first adventurers with every mark of kindness and hospitality.

The adventurers, indeed, who formed fome of the later establishments, joined, to the chimerical project of finding gold and silver mines, other motives more reasonable and more laudable; but even these motives do very little

honour to the policy of Europe.

The English puritans, restrained at home, fled for freedom to America, and established there the four governments of New England, The English catholics, treated with much greater injustice, established that of Maryland; the Quakers, that of Pennfylvania. The Portuguese Jews, perfecuted by the inquisition, stript of their fortunes, and banished to Brazil, introduced, by their example, fome fort of order and industry among the transported felons and ftrumpets, by whom that colony was originally peopled, and taught them the culture of the fugar-cane. Upon all these different occasions it was, not the wifdom and policy, but the diforder and injustice of the European governments, which peopled and cultivated America.

In effectuating some of the most important of these establishments, the different governments of Europe had as little merit as in projecting them. The conquest of Mexico was the project, not of the council of Spain, but of a governor of Cuba; and it was effectuated by the spirit of the bold adventurer to whom it was entrusted, in spite of every thing which that governor, who

foon repented of having trusted such a person, could do to thwart it. The conquerors of Chili and Peru, and of almost all the other Spanish settlements upon the continent of America, carried out with them no other public encouragement, but a general permission to make settlements and conquests in the name of the King of Spain. Those adventures were all at the private risk and expence of the adventurers. The government of Spain contributed scarce any thing to any of them. That of England contributed as little towards effectuating the establishment of some of its most important colonies in North America.

When those establishments were effectuated, and had become fo confiderable as to attract the attention of the mother country, the first regulations which she made with regard to them had always in view to fecure to herfelf the monopoly of their commerce; to confine their market, and to enlarge her own at their expence, and, confequently, rather to damp and difcourage, than to quicken and forward the course of their profperity. In the different ways in which this monopoly has been exercifed, confifts one of the most effential differences in the policy of the different European nations with regard to their colonies. The best of them all, that of England, is only fomewhat lefs illiberal and oppreffive than that of any of the rest.

In what way, therefore, has the policy of Europe contributed either to the first establishment, or to the present grandeur of the colonies IV. it has contributed a good deal. Magna virûm Mater! It bred and formed the men who were capable of atchieving fuch great actions, and of laying the foundation of so great an empire; and there is no other quarter of the world of which the policy is capable of forming, or has ever actually and in fact formed such men. The colonies owe to the policy of Europe the education and great views of their active and enterprising founders; and some of the greatest and most important of them, so far as concerns their internal government, owe to it scarce any thing else.

PART THIRD.

Of the Advantages which Europe has derived from the Difcovery of America, and from that of a Passage to the East Indies by the Cape of Good Hope.

SUCH are the advantages which the colonies of America have derived from the policy of Europe.

What are those which Europe has derived from the discovery and colonization of America?

Those advantages may be divided, first, into the general advantages which Europe, considered as one great country, has derived from those great events; and, secondly, into the particular advantages which each colonizing country has derived from the colonies which particularly belong to it, in consequence of the authority or dominion which it exercises over them.

The general advantages which Europe, con- C HAP. fidered as one great country, has derived from the discovery and colonization of America, confift, first, in the increase of its enjoyments; and fecondly, in the augmentation of its industry.

The furplus produce of America, imported into Europe, furnishes the inhabitants of this great continent with a variety of commodities which they could not otherwise have possessed, fome for conveniency and use, some for pleasure, and fome for ornament, and thereby contributes

to increase their enjoyments.

The discovery and colonization of America, it will readily be allowed, have contributed to augment the industry, first, of all the countries which trade to it directly; fuch as Spain, Portugal, France, and England; and, fecondly, of all those which, without trading to it directly, fend, through the medium of other countries, goods to it of their own produce; fuch as Auftrian Flanders, and fome provinces of Germany, which, through the medium of the countries before mentioned, fend to it a confiderable quantity of linen and other goods. All fuch countries have evidently gained a more extensive market for their furplus produce, and must confequently have been encouraged to increase its quantity.

But, that those great events should likewise have contributed to encourage the industry of countries, fuch as Hungary and Poland, which may never, perhaps, have fent a fingle commo-

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BOOK dity of their own produce to America, is not, perhaps, altogether fo evident. That those events have done fo, however, cannot be doubted. Some part of the produce of America is confumed in Hungary and Poland, and there is fome demand there for the fugar, chocolate, and tobacco, of that new quarter of the world. But those commodities must be purchased with something which is either the produce of the industry of Hungary and Poland, or with fomething which had been purchased with some part of that produce. Those commodities of America are new values, new equivalents, introduced into Hungary and Poland to be exchanged there for the furplus produce of those countries. By being carried thither they create a new and more extensive market for that furplus produce. They raife its value, and thereby contribute to encourage its increase. Though no part of it may ever be carried to America, it may be carried to other countries which purchase it with a part of their share of the furplus produce of America; and it may find a market by means of the circulation of that trade which was originally put into motion by the furplus produce of America.

Those great events may even have contributed to increase the enjoyments, and to augment the industry of countries which, not only never fent any commodities to America, but never received any from it. Even fuch countries may have received a greater abundance of other commodities from countries of which the furplus

produce

produce had been augmented by means of the CHAP. American trade. This greater abundance, as it VII. must necessarily have increased their enjoyments, fo it must likewise have augmented their industry. A greater number of new equivalents of fome kind or other must have been presented to them to be exchanged for the furplus produce of that industry. A more extensive market must have been created for that furplus produce, fo as to raife its value, and thereby encourage its increase. The mass of commodities annually thrown into the great circle of European commerce, and by its various revolutions annually distributed among all the different nations comprehended within it, must have been augmented by the whole furplus produce of America. A greater share of this greater mass, therefore, is likely to have fallen to each of those nations, to have increased their enjoyments, and augmented their industry.

The exclusive trade of the mother countries tends to diminish, or, at least, to keep down below what they would otherwise rise to, both the enjoyments and industry of all those nations in general, and of the American colonies in particular. It is a dead weight upon the action of one of the great springs which puts into motion a great part of the business of mankind. By rendering the colony produce dearer in all other countries, it lessens its consumption, and thereby cramps the industry of the colonies, and both the enjoyments and the industry of all other countries, which both enjoy less when they pay more

get less for what they enjoy, and produce less when they get less for what they produce. By rendering the produce of all other countries dearer in the colonies, it cramps, in the same manner, the industry of all other countries, and both the enjoyments and the industry of the colonies. It is a clog which, for the supposed benefit of some particular countries, embarrasses the pleasures, and encumbers the industry of all other countries; but of the colonies more than of any other. It not only excludes, as much as possible, all other countries from one particular market; but it confines, as much as possible, the colonies to one particular market: and the difference is very

The particular advantages which each colonizing country derives from the colonies which particularly belong to it, are of two different kinds; first, those common advantages which every empire derives from the provinces subject to its dominion; and, secondly, those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America.

great between being excluded from one particular market, when all others are open, and being confined to one particular market, when all others are flut up. The furplus produce of the colonies, however, is the original fource of all that increase of enjoyments and industry which Europe derives from the discovery and colonization of America; and the exclusive trade of the mother countries tends to render this source much less abundant than it otherwise would be.

The common advantages which every empire C HAP. derives from the provinces subject to its dominion, confift, first, in the military force which they furnish for its defence; and, fecondly, in the revenue which they furnish for the support of its civil government. The Roman colonies furnished occasionally both the one and the other. The Greek colonies, fometimes, furnished a military force; but seldom any revenue. They feldom acknowledged themselves subject to the dominion of the mother city. They were generally her allies in war, but very feldom her fubjects in peace.

The European colonies of America have never yet furnished any military force for the defence of the mother country. Their military force has never yet been sufficient for their own defence; and in the different wars in which the mother countries have been engaged, the defence of their colonies has generally occasioned a very confiderable diftraction of the military force of those countries. In this respect, therefore, all the European colonies have, without exception, been a cause rather of weakness than of strength to their respective mother countries.

The colonies of Spain and Portugal only have contributed any revenue towards the defence of the mother country, or the support of her civil government. The taxes which have been levied upon those of other European nations, upon those of England in particular, have seldom been equal to the expence laid out upon them in time of peace, and never fufficient to defray that

which

BOOK which they occasioned in time of war. Such colonies, therefore, have been a source of expence and not of revenue to their respective mother countries.

The advantages of fuch colonies to their respective mother countries, consist altogether in those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America; and the exclusive trade, it is acknowledged, is the sole source of all those peculiar advantages.

In confequence of this exclusive trade, all that part of the furplus produce of the English colonies, for example, which confifts in what are called enumerated commodities, can be fent to no other country but England. Other countries must afterwards buy it of her. It must be cheaper therefore in England than it can be in any other country, and must contribute more to increase the enjoyments of England than those of any other country. It must likewise contribute more to encourage her industry. For all those parts of her own furplus produce which England exchanges for those enumerated commodities, she must get a better price than any other countries can get for the like parts of theirs, when they exchange them for the same commodities. The manufactures of England, for example, will purchase a greater quantity of the fugar and tobacco of her own colonies, than the like manufactures of other countries can purchase of that sugar and tobacco. So far, therefore, as the manufactures of England and those

those of other countries are both to be exchanged C HAP. for the fugar and tobacco of the English colonies, this fuperiority of price gives an encouragement to the former, beyond what the latter can in these circumstances enjoy. The exclusive trade of the colonies, therefore, as it diminishes, or, at leaft, keeps down below what they would otherwife rife to, both the enjoyments and the industry of the countries which do not possess it; so it gives an evident advantage to the countries which do 'posses' it over those other countries.

This advantage, however, will, perhaps, be found to be rather what may be called a relative than an absolute advantage; and to give a fuperiority to the country which enjoys it, rather by depressing the industry and produce of other countries, than by raifing those of that particular country above what they would naturally rife to in the cafe of a free trade.

The tobacco of Maryland and Virginia, for example, by means of the monopoly which England enjoys of it, certainly comes cheaper to England than it can do to France, to whom England commonly fells a confiderable part of it. But had France, and all other European countries been, at all times, allowed a free trade to Maryland and Virginia, the tobacco of those colonies might, by this time, have come cheaper than it actually does, not only to all those other countries, but likewife to England. The produce of tobacco, in confequence of a market fo

much more extensive than any which it has

BOOK by this time, have been fo much increased as to reduce the profits of a tobacco plantation to their natural level with those of a corn plantation, which, it is supposed, they are still somewhat above. The price of tobacco might, and probably would, by this time, have fallen fomewhat lower than it is at present. An equal quantity of the commodities either of England, or of those other countries, might have purchased in Maryland and Virginia a greater quantity of tobacco than it can do at prefent, and, confequently, have been fold there for fo much a better price. So far as that weed, therefore, can, by its cheapness and abundance, increase the enjoyments or augment the industry either of England or of any other country, it would, probably, in the cafe of a free trade, have produced both these effects in fomewhat a greater degree than it can do at present. England, indeed, would not in this case have had any advantage over other countries. She might have bought the tobacco of her colonies fomewhat cheaper, and, confequently, have fold fome of her own commodities fomewhat dearer than fhe actually does. But fhe could neither have bought the one cheaper nor fold the other dearer than any other country might have done. She might, perhaps, have gained an abfolute, but fhe would certainly have loft a relative advantage.

In order, however, to obtain this relative advantage in the colony trade, in order to execute the invidious and malignant project of excluding as much as possible other nations from any share

in it, England, there are very probable reasons C H A P. for believing, has not only facrificed a part of the absolute advantage, which she, as well as every other nation, might have derived from that trade, but has subjected herself both to an absolute and to a relative disadvantage in almost every other branch of trade.

When, by the act of navigation, England affumed to herfelf the monopoly of the colony trade, the foreign capitals which had before been employed in it were necessarily withdrawn from it. The English capital, which had before carried on but a part of it, was now to carry on the whole. The capital which had before supplied the colonies with but a part of the goods which they wanted from Europe, was now all that was employed to fupply them with the whole. But it could not supply them with the whole, and the goods with which it did fupply them were neceffarily fold very dear. The capital which had before bought but a part of the furplus produce of the colonies, was now all that was employed to buy the whole. But it could not buy the whole at any thing near the old price, and, therefore, whatever it did buy it necessarily bought very cheap. But in an employment of capital in which the merchant fold very dear and bought very cheap, the profit must have been very great, and much above the ordinary level of profit in other branches of trade. This superiority of profit in the colony trade could not fail to draw from other branches of trade a part of the capital which had before been employed in them. But this revulsion of capital, as it must have gradually increased

BOOK increased the competition of capitals in the colony trade, so it must have gradually diminished that competition in all those other branches of trade; as it must have gradually lowered the profits of the one, so it must have gradually raised those of the other, till the profits of all came to a new level, different from and somewhat higher

than that at which they had been before.

This double effect, of drawing capital from all other trades, and of raifing the rate of profit fomewhat higher than it otherwife would have been in all trades, was not only produced by this monopoly upon its first establishment, but has continued to be produced by it ever since.

First, this monopoly has been continually drawing capital from all other trades to be

employed in that of the colonies.

Though the wealth of Great Britain has increafed very much fince the establishment of the act of navigation, it certainly has not increafed in the fame proportion as that of the colonies. But the foreign trade of every country naturally increases in proportion to its wealth, its furplus produce in proportion to its whole produce; and Great Britain having engroffed to herfelf almost the whole of what may be called the foreign trade of the colonies, and her capital not having increased in the same proportion as the extent of that trade, she could not carry it on without continually withdrawing from other branches of trade fome part of the capital which had before been employed in them, as well as withholding from them a great deal more which would otherwife have gone to them. Since the establishment

of the act of navigation, accordingly, the colony C HAP. trade has been continually increasing, while many other branches of foreign trade, particularly of that to other parts of Europe, have been continually decaying. Our manufactures for foreign fale, instead of being suited, as before the act of navigation, to the neighbouring market of Europe, or to the more distant one of the countries which lie round the Mediterranean fea, have, the greater part of them, been accommodated to the still more distant one of the colonies, to the market in which they have the monopoly, rather than to that in which they have many competitors. The causes of decay in other branches of foreign trade, which, by Sir Matthew Decker and other writers, have been fought for in the excess and improper mode of taxation, in the high price of labour, in the increase of luxury, &c. may all be found in the over-growth of the colony trade. The mercantile capital of Great Britain, though very great, yet not being infinite; and though greatly increased fince the act of navigation, yet not being increased in the fame proportion as the colony trade, that trade could not poffibly be carried on without withdrawing some part of that capital from other branches of trade, nor confequently without fome decay of those other branches.

England, it must be observed, was a great trading country, her mercantile capital was very great and likely to become still greater and greater every day, not only before the act of navigation had established the monopoly of the colony

BOOK colony trade, but before that trade was very confiderable. In the Dutch war, during the government of Cromwel, her navy was fuperior to that of Holland; and in that which broke out in the beginning of the reign of Charles II. it was at least equal, perhaps superior, to the united navies of France and Holland. Its superiority, perhaps, would fcarce appear greater in the present times; at least if the Dutch navy was to bear the same proportion to the Dutch commerce now which it did then. But this great naval power could not, in either of those wars, be owing to the act of navigation. During the first of them the plan of that act had been but just formed; and though before the breaking out of the fecond it had been fully enacted by legal authority; yet no part of it could have had time to produce any confiderable effect, and leaft of all that part which established the exclusive trade to the colonies. Both the colonies and their trade were inconfiderable then in comparison of what they are now. The island of Jamaica was an unwholesome desert, little inhabited, and less cultivated. New York and New Jersey were in the possession of the Dutch: the half of St. Christopher's in that of the French. The island of Antigua, the two Carolinas, Penfylvania, Georgia, and Nova Scotia, were not planted. Virginia, Maryland, and New England were planted; and though they were very thriving colonies, yet there was not, perhaps, at that time, either in Europe or America, a fingle person who forefaw or even suspected the rapid progress which

which they have fince made in wealth, popula- CHAP. tion and improvement. The island of Barbadoes, in fhort, was the only British colony of any confequence of which the condition at that time bore any resemblance to what it is at present. The trade of the colonies, of which England, even for some time after the act of navigation, enjoyed but a part (for the act of navigation was not very firictly executed till feveral years after it was enacted), could not at that time be the cause of the great trade of England, nor of the great naval power which was supported by that trade. The trade which at that time supported that great naval power was the trade of Europe, and of the countries which lie round the Mediterranean fea. But the share which Great Britain at present enjoys of that trade could not fupport any fuch great naval power. Had the growing trade of the colonies been left free to all nations, whatever share of it might have fallen to Great Britain, and a very confiderable share would probably have fallen to her, must have

Secondly, this monopoly has necessarily contributed to keep up the rate of profit in all the different branches of British trade higher than it naturally would have been, had all nations been allowed a free trade to the British colonies.

change in its direction.

been all an addition to this great trade of which fhe was before in possession. In consequence of the monopoly, the increase of the colony trade has not so much occasioned an addition to the trade which Great Britain had before, as a total

The

BOOK IV.

The monopoly of the colony trade, as it necesfarily drew towards that trade a greater proportion of the capital of Great Britain than what would have gone to it of its own accord; fo by the expulsion of all foreign capitals it necessarily reduced the whole quantity of capital employed in that trade below what it naturally would have been in the case of a free trade. But, by lessening the competition of capitals in that branch of trade, it necessarily raised the rate of profit in that branch. By leffening too the competition of British capitals in all other branches of trade, it necessarily raised the rate of British profit in all those other branches. Whatever may have been, at any particular period, fince the eftablishment of the act of navigation, the state or extent of the mercantile capital of Great Britain, the monopoly of the colony trade must, during the continuance of that state, have raised the ordinary rate of British profit higher than it otherwife would have been both in that and in all the other branches of British trade. If, since the establishment of the act of navigation, the ordinary rate of British profit has fallen considerably, as it certainly has, it must have fallen still lower, had not the monopoly established by that act contributed to keep it up.

But whatever raises in any country the ordinary rate of profit higher than it otherwise would be, necessarily subjects that country both to an absolute and to a relative disadvantage in every branch of trade of which she has not the monopoly.

It

It subjects her to an absolute disadvantage: CHAP. because in such branches of trade her merchants cannot get this greater profit, without selling dearer than they otherwise would do both the goods of foreign countries which they import into their own, and the goods of their own country which they export to foreign countries. Their own country must both buy dearer and sell dearer; must both buy less and sell less; must both enjoy less and produce less, than she otherwise would do.

It subjects her to a relative disadvantage; because in such branches of trade it sets other countries which are not subject to the same absolute disadvantage, either more above her or less below her than they otherwise would be. It enables them both to enjoy more and to produce more in proportion to what she enjoys and produces. It renders their superiority greater or their inferiority less than it otherwise would be. By raising the price of her produce above what it otherwise would be, it enables the merchants of other countries to undersell her in foreign markets, and thereby to justle her out of almost all those branches of trade, of which she has not the monopoly.

Our merchants frequently complain of the high wages of British labour as the cause of their manusactures being undersold in foreign markets; but they are silent about the high profits of stock. They complain of the extravagant gain of other people; but they say nothing of their own. The high profits of British stock, however, may contribute towards raising the price of British manusactures in many cases as much, and

BOOK in fome perhaps more, than the high wages of IV. British labour.

It is in this manner that the capital of Great Britain, one may justly fay, has partly been drawn and partly been driven from the greater part of the different branches of trade of which she has not the monopoly; from the trade of Europe in particular, and from that of the countries which lie round the Mediterranean sea.

It has partly been drawn from those branches of trade; by the attraction of superior profit in the colony trade in consequence of the continual increase of that trade, and of the continual insufficiency of the capital which had carried it on one year to carry it on the next.

It has partly been driven from them; by the advantage which the high rate of profit, eftablished in Great Britain, gives to other countries, in all the different branches of trade of which Great Britain has not the monopoly.

As the monopoly of the colony trade has drawn from those other branches a part of the British capital which would otherwise have been employed in them, so it has forced into them many foreign capitals which would never have gone to them, had they not been expelled from the colony trade. In those other branches of trade it has diminished the competition of British capitals, and thereby raised the rate of British profit higher than it otherwise would have been. On the contrary, it has increased the competition of foreign capitals, and thereby sunk the rate of foreign profit lower than it otherwise would have been. Both in the one way and in the other it must evidently

have subjected Great Britain to a relative dif- C HAP. advantage in all those other branches of trade.

The colony trade, however, it may perhaps be faid, is more advantageous to Great Britain than any other; and the monopoly, by forcing into that trade a greater proportion of the capital of Great Britain than would otherwise have gone to it, has turned that capital into an employment more advantageous to the country than any other which it could have found.

The most advantageous employment of any capital to the country to which it belongs, is that which maintains there the greatest quantity of productive labour, and increases the most the annual produce of the land and labour of that country. But the quantity of productive labour which any capital employed in the foreign trade of confumption can maintain, is exactly in proportion, it has been shewn in the second book, to the frequency of its returns. A capital of a thousand pounds, for example, employed in a foreign trade of confumption, of which the returns are made regularly once in the year, can keep in constant employment, in the country to which it belongs, a quantity of productive labour equal to what a thousand pounds can maintain there for a year. If the returns are made twice or thrice in the year, it can keep in constant employment a quantity of productive labour equal to what two or three thousand pounds can maintain there for a year. A foreign trade of confumption carried on with a neighbouring, is, upon this account, in general, more advan-FOL. II. E E

BOOK advantageous than one carried on with a distant country; and for the same reason a direct foreign trade of consumption, as it has likewise been shewn in the second book, is in general more advantageous than a round-about one.

But the monopoly of the colony trade, fo far as it has operated upon the employment of the capital of Great Britain, has in all cases forced some part of it from a foreign trade of consumption carried on with a neighbouring, to one carried on with a more distant country, and in many cases from a direct foreign trade of consumption to a round-about one.

First, the monopoly of the colony trade has in all cases forced some part of the capital of Great Britain from a foreign trade of consumption carried on with a neighbouring, to one carried on with a more distant country.

It has, in all cases, forced some part of that capital from the trade with Europe, and with the countries which lie round the Mediterranean fea, to that with the more distant regions of America and the West Indies, from which the returns are necessarily less frequent, not only on account of the greater distance, but on account of the peculiar circumftances of those countries. New colonies, it has already been observed, are always understocked. Their capital is always much less than what they could employ with great profit and advantage in the improvement and cultivation of their land. They have a conftant demand, therefore, for more capital than they have of their own; and, in order to supply the deficiency

deficiency of their own, they endeavour to bor- C HAP. rowas much as they can of the mother country, to whom they are, therefore, always in debt. most common way in which the colonists contract this debt, is not by borrowing upon bond of the rich people of the mother country, though they fometimes do this too, but by running as much in arrear to their correspondents, who fupply them with goods from Europe, as those correspondents will allow them. Their annual returns frequently do not amount to more than a third, and fometimes not fo great a proportion of what they owe. The whole capital, therefore, which their correspondents advance to them is feldom returned to Britain in less than three, and fometimes not in less than four or five years. But a British capital of a thousand pounds, for example, which is returned to Great Britain only once in five years, can keep in conftant employment only one-fifth part of the British industry which it could maintain if the whole was returned once in the year; and, instead of the quantity of industry which a thousand pounds could maintain for a year, can keep in conftant employment the quantity only which two hundred pounds can maintain for a year. The planter, no doubt, by the high price which he pays for the goods from Europe, by the interest upon the bills which he grants at distant dates, and by the commission upon the renewal of those which he grants at near dates, makes up, and probably more than makes up, all the lofs which his correspondent can sustain by this delay. But,

BOOK though he may make up the loss of his correfpondent, he cannot make up that of Great Britain. In a trade of which the returns are very distant, the profit of the merchant may be as great or greater than in one in which they are very frequent and near; but the advantage of the country in which he refides, the quantity of productive labour conftantly maintained there, the annual produce of the land and labour must always be much lefs. That the returns of the trade to America, and still more those of that to the West Indies, are, in general, not only more distant, but more irregular, and more uncertain too, than those of the trade to any part of Europe, or even of the countries which lie round the Mediterranean fea, will readily be allowed, I imagine, by every body who has any experience of those different branches of trade.

Secondly, the monopoly of the colony trade has, in many cases, forced some part of the capital of Great Britain from a direct foreign trade of confumption, into a round-about one.

Among the enumerated commodities which can be fent to no other market but Great Britain, there are feveral of which the quantity exceeds very much the confumption of Great Britain, and of which a part, therefore, must be exported to other countries. But this cannot be done without forcing fome part of the capital of Great Britain into a round-about foreign trade of confumption. Maryland and Virginia, for example, fend annually to Great Britain upwards of ninety-fix thousand hogsheads of tobacco, and

the confumption of Great Britain is faid not to CHAP. exceed fourteen thousand. Upwards of eighty- VII. two thousand hogsheads, therefore, must be exported to other countries, to France, to Holland, and to the countries which lie round the Baltic and Mediterranean feas. But, that part of the capital of Great Britain which brings those eighty-two thousand hogsheads to Great Britain, which re-exports them from thence to those other countries, and which brings back from those other countries to Great Britain either goods or money in return, is employed in a round-about foreign trade of confumption; and is necessarily forced into this employment in order to dispose of this great furplus. If we would compute in how many years the whole of this capital is likely to come back to Great Britain, we must add to the distance of the American returns that of the returns from those other countries. If, in the direct foreign trade of confumption which we carry on with America, the whole capital employed frequently does not come back in less than three or four years; the whole capital employed in this round-about one is not likely to come back in lefs than four or five. If the one can keep in conftant employment but a third or a fourth part of the domestic industry which could be maintained by a capital returned once in the year, the other can keep in constant employment but a fourth or a fifth part of that industry. At some of the outports a credit is commonly given to those foreign correspondents to whom they export their E E 3

BOOK their tobacco. At the port of London, indeed, it is commonly fold for ready money. The rule is, Weigh and Pay. At the port of London, therefore, the final returns of the whole round-about trade are more diffant than the returns from America by the time only which the goods may lie unfold in the warehouse; where, however, they may fometimes lie long enough. But, had not the colonies been confined to the market of Great Britain for the fale of their tobacco. very little more of it would probably have come to us than what was necessary for the home confumption. The goods which Great Britain purchases at present for her own consumption with the great furplus of tobacco which she exports to other countries, she would, in this case, probably have purchased with the immediate produce of her own industry, or with some part of her own manufactures. That produce, those manufactures, inftead of being almost entirely fuited to one great market, as at prefent, would probably have been fitted to a great number of fmaller markets. Inflead of one great round-about foreign trade of confumption, Great Britain would probably have carried on a great number of small direct foreign trades of the same kind. On account of the frequency of the returns, a part, and probably but a fmall part; perhaps not above a third or a fourth, of the capital which at present carries on this great round-about trade, might have been fufficient to carry on all those fmall direct ones, might have kept in constant employment an equal quantity of British industry,

and have equally supported the annual produce CHAP. of the land and labour of Great Britain. All the purposes of this trade being, in this manner, answered by a much smaller capital, there would have been a large spare capital to apply to other purposes; to improve the lands, to increase the manufactures, and to extend the commerce of Great Britain; to come into competition at least with the other British capitals employed in all those different ways, to reduce the rate of profit in them all, and thereby to give to Great Britain, in all of them, a superiority over other countries still greater than what she at present enjoys.

The monopoly of the colony trade too has forced some part of the capital of Great Britain from all foreign trade of consumption to a carrying trade; and, consequently, from supporting more or less the industry of Great Britain, to be employed altogether in supporting partly that of the colonies, and partly that of some other countries.

The goods, for example, which are annually purchased with the great surplus of eighty-two thousand hogsheads of tobacco annually reexported from Great Britain, are not all confumed in Great Britain. Part of them, linen from Germany and Holland, for example, is returned to the colonies for their particular confumption. But, that part of the capital of Great Britain which buys the tobacco with which this linen is afterwards bought, is necessarily withdrawn from supporting the industry of Great

BOOK Britain, to be employed altogether in fupporting, partly that of the colonies, and partly that of the particular countries who pay for this tobacco with the produce of their own industry.

> The monopoly of the colony trade besides, by forcing towards it a much greater proportion of the capital of Great Britain than what would naturally have gone to it, feems to have broken altogether that natural balance which would otherwife have taken place among all the different branches of British industry. The industry of Great Britain, instead of being accommodated to a great number of fmall markets, has been principally fuited to one great market. Her commerce, instead of running in a great number of fmall channels, has been taught to run principally in one great channel. But the whole fystem of her industry and commerce has thereby been rendered less secure; the whole state of her body politic less healthful, than it otherwise would have been. In her present condition, Great Britain refembles one of those unwholesome bodies in which some of the vital parts are overgrown, and which, upon that account, are liable to many dangerous diforders fcarce incident to those in which all the parts are more properly proportioned. A fmall ftop in that great blood-veffel, which has been artificially fwelled beyond its natural dimensions, and through which an unnatural proportion of the industry and commerce of the country has been forced to circulate, is very likely to bring on the

the most dangerous disorders upon the whole C HAP. body politic. The expectation of a rupture with the colonies, accordingly, has struck the people of Great Britain with more terror than they ever felt for a Spanish armada, or a French invafion. It was this terror, whether well or ill grounded, which rendered the repeal of the ftamp act, among the merchants at least, a popular measure. In the total exclusion from the colony market, was it to last only for a few years, the greater part of our merchants used to fancy that they foresaw an entire stop to their trade; the greater part of our master manufacturers, the entire ruin of their business; and the greater part of our workmen, an end of their employment. A rupture with any of our neighbours upon the continent, though likely too to occasion some stop or interruption in the employments of fome of all these different orders of people, is foreseen, however, without any fuch general emotion. The blood, of which the circulation is stopt in some of the smaller vessels, eafily difgorges itself into the greater, without occasioning any dangerous disorder; but, when it is flopt in any of the greater vessels, convul-fions, apoplexy, or death, are the immediate and unavoidable confequences. If but one of those overgrown manufactures, which by means either of bounties or of the monopoly of the home and colony markets, have been artificially raifed up to an unnatural height, finds fome fmall stop or interruption in its employment, it frequently occasions a mutiny and disorder alarming to government,

BOOK government, and embarraffing even to the deliberations of the legislature. How great, therefore, would be the disorder and confusion, it was thought, which must necessarily be occasioned by a sudden and entire stop in the employment of so great a proportion of our principal manufacturers?

Some moderate and gradual relaxation of the laws which give to Great Britain the exclusive trade to the colonies, till it is rendered in a great measure free, seems to be the only expedient which can, in all future times, deliver her from this danger, which can enable her or even force her to withdraw fome part of her capital from this overgrown employment, and to turn it, though with less profit, towards other employments; and which, by gradually diminishing one branch of her industry and gradually increafing all the reft, can by degrees reftore all the different branches of it to that natural, healthful, and proper proportion which perfect liberty neceffarily establishes, and which perfect liberty can alone preferve. To open the colony trade all at once to all nations, might not only occasion some transitory inconveniency, but a great permanent loss to the greater part of those whose industry or capital is at present engaged in it. The sudden loss of the employment even of the ships which import the eighty-two thousand hogsheads of tobacco, which are over and above the confumption of Great Britain, might alone be felt very fenfibly. Such are the unfortunate effects of all the regulations of the mercantile fystem!

fystem! They not only introduce very dangerous disorders into the state of the body politic, but disorders which it is often difficult to remedy, without occasioning, for a time at least, still greater disorders. In what manner, therefore, the colony trade ought gradually to be opened; what are the restraints which ought sirst, and what are those which ought last to be taken away; or in what manner the natural system of perfect liberty and justice ought gradually to be restored, we must leave to the wisdom of suture statesmen and legislators to determine.

Five different events, unforeseen and unthought of, have very fortunately concurred to hinder Great Britain from feeling, fo fenfibly as it was generally expected fhe would, the total exclufion which has now taken place for more than a year (from the first of December, 1774) from a very important branch of the colony trade, that of the twelve affociated provinces of North America. First, those colonies, in preparing themselves for their non-importation agreement, drained Great Britain completely of all the commodities which were fit for their market: fecondly, the extraordinary demand of the Spanish Flota has, this year, drained Germany and the North of many commodities, linen in particular, which used to come into competition, even in the British market, with the manufactures of Great Britain: thirdly, the peace between Ruffia and Turkey has occasioned an extraordinary demand from the Turkey market, which, during the diffress of the country, and

while

BOOK while a Ruffian fleet was cruizing in the Archipelago, had been very poorly fupplied: fourthly, the demand of the North of Europe for the manufactures of Great Britain, has been increafing from year to year for some time past: and, fifthly, the late partition and confequential pacification of Poland, by opening the market of that great country, have this year added an extraordinary demand from thence to the increafing demand of the North. These events are all, except the fourth, in their nature transitory and accidental, and the exclusion from so important a branch of the colony trade, if unfortunately it fhould continue much longer, may still occasion fome degree of diffress. This diffress, however, as it will come on gradually, will be felt much less severely than if it had come on all at once; and, in the mean time, the industry and capital of the country may find a new employment and direction, fo as to prevent this diffress from ever rifing to any confiderable height,

The monopoly of the colony trade, therefore, fo far as it has turned towards that trade a greater proportion of the capital of Great Britain than what would otherwise have gone to it, has in all cases turned it, from a foreign trade of confumption with a neighbouring, into one with a more distant country; in many cases, from a direct foreign trade of consumption, into a round-about one; and in some cases, from all foreign trade of consumption, into a carrying trade. It has in all cases, therefore, turned it, from a direction in which it would have maintained

tained a greater quantity of productive labour, CHAP. into one, in which it can maintain a much fmaller quantity. By fuiting, befides, to one particular market only, so great a part of the industry and commerce of Great Britain, it has rendered the whole state of that industry and commerce more precarious and less secure, than if their produce had been accommodated to a greater variety of markets.

We must carefully distinguish between the effects of the colony trade and those of the monopoly of that trade. The former are always and necessarily beneficial; the latter always and necessarily hurtful. But the former are so beneficial, that the colony trade, though subject to a monopoly, and notwithstanding the hurtful effects of that monopoly, is still upon the whole beneficial, and greatly beneficial; though a good deal lefs fo than it otherwife would be.

The effect of the colony trade in its natural and free state, is to open a great, though distant market for fuch parts of the produce of British industry as may exceed the demand of the markets nearer home, of those of Europe, and of the countries which lie round the Mediterranean fea. In its natural and free state, the colony trade, without drawing from those markets any part of the produce which had ever been fent to them, encourages Great Britain to increase the furplus continually, by continually prefenting new equivalents to be exchanged for it. In its natural and free flate, the colony trade tends to increase the quantity of productive labour in Great Britain.

воок Britain, but without altering in any respect the IV. direction of that which had been employed there before. In the natural and free state of the colony trade, the competition of all other nations would hinder the rate of profit from rifing above the common level either in the new market, or in the new employment. The new market, without drawing any thing from the old one, would create, if one may fay fo, a new produce for its own fupply; and that new produce would conflitute a new capital for carrying on the new

draw nothing from the old one.

The monopoly of the colony trade, on the contrary, by excluding the competition of other nations, and thereby raifing the rate of profit both in the new market and in the new employment, draws produce from the old market and capital from the old employment. To augment our share of the colony trade beyond what it otherwife would be, is the avowed purpose of the monopoly. If our share of that trade were to be no greater with, than it would have been without the monopoly, there could have been no reason for establishing the monopoly. But whatever forces into a branch of trade of which the returns are flower and more diffant than those of the greater part of other trades, a greater proportion of the capital of any country, than what of its own accord would go to that branch, necessarily renders the whole quantity of productive labour annually maintained there, the whole annual produce of the land and labour of

employment, which in the fame manner would

that

that country, less than they otherwise would be. C HAP. It keeps down the revenue of the inhabitants of that country, below what it would naturally rise to, and thereby diminishes their power of accumulation. It not only hinders, at all times, their capital from maintaining so great a quantity of productive labour as it would otherwise maintain, but it hinders it from increasing so fast as it would otherwise increase, and consequently from maintaining a still greater quantity of productive labour.

The natural good effects of the colony trade, however, more than counterbalance to Great Britain the bad effects of the monopoly, fo that, monopoly and altogether, that trade, even as it is carried on at prefent, is not only advantageous, but greatly advantageous. The new market and the new employment which are opened by the colony trade, are of much greater extent than that portion of the old market and of the old employment which is loft by the monopoly. The new produce and the new capital which has been created, if one may fay fo, by the colony trade, maintain in Great Britain a greater quantity of productive labour, than what can have been thrown out of employment by the revulfion of capital from other trades of which the returns are more frequent. If the colony trade, however, even as it is carried on at prefent, is advantageous to Great Britain, it is not by means of the monopoly, but in spite of the monopoly.

It is rather for the manufactured than for the rude produce of Europe, that the colony trade

BOOK opens a new market. Agriculture is the proper business of all new colonies; a business which the cheapness of land renders more advantageous than any other. They abound, therefore, in the rude produce of land, and inflead of importing it from other countries, they have generally a large furplus to export. In new colonies, agriculture either draws hands from all other employments, or keeps them from going to any other employment. There are few hands to fpare for the necessary, and none for the ornamental manufactures. The greater part of the manufactures of both kinds, they find it cheaper to purchase of other countries than to make for themselves. It is chiefly by encouraging the manufactures of Europe, that the colony trade indirectly encourages its agriculture. The manufacturers of Europe, to whom that trade gives employment, conflitute a new market for the produce of the land; and the most advantageous of all markets; the home market for the corn

But that the monopoly of the trade of populous and thriving colonies is not alone fufficient to establish, or even to maintain manufactures in any country, the examples of Spain and Portugal sufficiently demonstrate. Spain and Portugal were manufacturing countries before they had any considerable colonies. Since they had the richest and most fertile in the world, they have both ceased to be so.

and cattle, for the bread and butcher's-meat of Europe; is thus greatly extended by means of

the trade to America.

In Spain and Portugal, the bad effects of the CHAP. monopoly, aggravated by other causes, have, vii. perhaps, nearly overbalanced the natural good effects of the colony trade. These causes seem to be, other monopolies of different kinds; the degradation of the value of gold and filver below what it is in most other countries; the exclusion from foreign markets by improper taxes upon exportation, and the narrowing of the home market, by still more improper taxes upon the transportation of goods from one part of the country to another; but above all, that irregular and partial administration of justice, which often protects the rich and powerful debtor from the pursuit of his injured creditor, and which makes the industrious part of the nation afraid to prepare goods for the confumption of those haughty and great men, to whom they dare not refuse to sell upon credit, and from whom they are altogether uncertain of repayment.

In England, on the contrary, the natural good effects of the colony trade, affifted by other causes, have in a great measure conquered the bad effects of the monopoly. These causes seem to be, the general liberty of trade, which, notwithstanding some restraints, is at least equal, perhaps superior, to what it is in any other country; the liberty of exporting, duty free, almost all forts of goods which are the produce of domestic industry, to almost any foreign country; and what, perhaps, is of still greater importance, the unbounded liberty of transporting them from any one part of our own country

BOOK to any other, without being obliged to give any account to any public office, without being liable to question or examination of any kind; but above all, that equal and impartial administration of justice which renders the rights of the meanest British subject respectable to the greatest, and which, by securing to every man the fruits of his own industry, gives the greatest and most effectual encouragement to every fort

industry.

If the manufactures of Great Britain, however, have been advanced, as they certainly have, by the colony trade, it has not been by means of the monopoly of that trade, but in fpite of the monopoly. The effect of the monopoly has been, not to augment the quantity, but to alter the quality and shape of a part of the manufactures of Great Britain, and to accommodate to a market, from which the returns are flow and diftant, what would otherwife have been accommodated to one from which the returns are frequent and near. Its effect has confequently been to turn a part of the capital of Great Britain from an employment in which it would have maintained a greater quantity of manufacturing industry, to one in which it maintains a much fmaller, and thereby to diminish, instead of increasing, the whole quantity of manufacturing industry maintained in Great Britain.

The monopoly of the colony trade, therefore, like all the other mean and malignant expedients of the mercantile fystem, depresses the industry

of all other countries, but chiefly that of the C HAP. colonies, without in the leaft increasing, but on the contrary diminishing, that of the country in whose favour it is established.

The monopoly hinders the capital of that country, whatever may at any particular time be the extent of that capital, from maintaining fo great a quantity of productive labour as it would otherwise maintain, and from affording so great a revenue to the industrious inhabitants as it would otherwife afford. But as capital can be increased only by favings from revenue, the monopoly, by hindering it from affording fo great a revenue as it would otherwife afford, necessarily hinders it from increasing so fast as it would otherwife increase, and consequently from maintaining a still greater quantity of productive labour, and affording a ftill greater revenue to the industrious inhabitants of that country. One great original fource of revenue, therefore, the wages of labour, the monopoly must necessarily have rendered at all times less abundant than it otherwife would have been.

By raifing the rate of mercantile profit, the monopoly discourages the improvement of land. The profit of improvement depends upon the difference between what the land actually produces, and what, by the application of a certain capital, it can be made to produce. If this difference affords a greater profit than what can be drawn from an equal capital in any mercantile employment, the improvement of land will draw capital from all mercantile employments. If

BOOK the profit is less, mercantile employments will draw capital from the improvement of land. Whatever therefore raifes the rate of mercantile profit, either lessens the superiority or increases the inferiority of the profit of improvement; and in the one case hinders capital from going to improvement, and in the other draws capital from it. But by discouraging improvement, the monopoly necessarily retards the natural increase of another great original fource of revenue, the rent of land. By raifing the rate of profit too, the monopoly necessarily keeps up the market rate of interest higher than it otherwise would be. But the price of land in proportion to the rent which it affords, the number of years purchase which is commonly paid for it, necessarily falls as the rate of interest rifes, and rifes as the rate of interest falls. The monopoly, therefore, hurts the interest of the landlord two different ways, by retarding the natural increase, first, of his rent, and fecondly, of the price which he would get for his land in proportion to the rent which it affords.

The monopoly, indeed, raifes the rate of mercantile profit, and thereby augments fomewhat the gain of our merchants. But as it obstructs the natural increase of capital, it tends rather to diminish than to increase the sum total of the revenue which the inhabitants of the country derive from the profits of flock; a finall profit upon a great capital generally affording a greater revenue than a great profit upon a small one. The monopoly raifes the rate of profit, but it hinders

hinders the fum of profit from rifing fo high as it C HAP. otherwife would do.

All the original fources of revenue, the wages of labour, the rent of land, and the profits of flock, the monopoly renders much lefs abundant than they otherwife would be. To promote the little interest of one little order of men in one country, it hurts the interest of all other orders of men in that country, and of all men in all other countries.

It is folely by raifing the ordinary rate of profit that the monopoly either has proved or could prove advantageous to any one particular order of men. But besides all the bad effects to the country in general, which have already been mentioned as necessarily resulting from a high rate of profit; there is one more fatal, perhaps, than all these put together, but which, if we may judge from experience, is inseparably connected with it. The high rate of profit feems every where to deftroy that parfimony which in other circumstances is natural to the character of the merchant. When profits are high, that fober virtue feems to be fuperfluous, and expensive luxury to fuit better the affluence of his fituation. But the owners of the great mercantile capitals are necessarily the leaders and conductors of the whole industry of every nation, and their example has a much greater influence upon the manners of the whole industrious part of it than that of any other order of men. If his employer is attentive and parsimonious, the workman is very likely to be fo too; but if the master is dissolute

BOOK and diforderly, the fervant who shapes his work according to the pattern which his mafter prefcribes to him, will shape his life too according to the example which he sets him. Accumulation is thus prevented in the hands of all those who are naturally the most disposed to accumulate; and the funds destined for the maintenance of productive labour receive no augmentation from the revenue of those who ought naturally to augment them the most. The capital of the country, instead of increasing, gradually dwindles away, and the quantity of productive labour maintained in it grows every day less and less. Have the exorbitant profits of the merchants of Cadiz and Lisbon augmented the capital of Spain and Portugal? Have they alleviated the poverty, have they promoted the industry of those two beggarly countries? Such has been the tone of mercantile expence in those two trading cities, than those exorbitant profits, far from augmenting the general capital of the country, feem fcarce to have been fufficient to keep up the capitals upon which they were made. Foreign capitals are every day intruding themselves, if I may fay fo, more and more into the trade of Cadiz and Lisbon. It is to expel those foreign capitals from a trade which their own grows every day more and more infufficient for carrying on, that the Spaniards and Portuguese endeavour every day to straiten more and more the galling bands of their abfurd monopoly. Compare the mercantile manners of Cadiz and Lifbon with those of Amsterdam, and you will be fensible how differently the conduct and character of C HAP. merchants are affected by the high and by the low profits of stock. The merchants of London, indeed, have not yet generally become such magnificent lords as those of Cadiz and Lisbon; but neither are they in general such attentive and parsimonious burghers as those of Amsterdam. They are supposed, however, many of them, to be a good deal richer than the greater part of the former, and not quite so rich as many of the latter. But the rate of their profit is commonly much lower than that of the sormer, and a good deal higher than that of the latter. Light come light go, says the proverb; and the ordinary tone of expence seems every where to be regulated, not so much according to the real ability of spending, as to the supposed facility of getting money to spend.

It is thus that the fingle advantage which the monopoly procures to a fingle order of men, is in many different ways hurtful to the general interest of the country.

To found a great empire for the fole purpose of raising up a people of customers, may at first sight appear a project sit only for a nation of shopkeepers. It is, however, a project altogether unsit for a nation of shopkeepers; but extremely sit for a nation whose government is influenced by shopkeepers. Such statesmen, and such statesmen only, are capable of fancying that they will find some advantage in employing the blood and treasure of their fellow-citizens, to sound and maintain such an empire. Say to a shopkeeper, Buy me a good estate, and I shall always buy my clothes at your shop, even

BOOK though I should pay somewhat dearer than what I can have them for at other shops; and you will not find him very forward to embrace your propofal. But should any other person buy you fuch an estate, the shopkeeper would be much obliged to your benefactor if he would enjoin you to buy all your clothes at his shop. England purchased for some of her subjects, who found themselves uneasy at home, a great estate in a diftant country. The price, indeed, was very fmall, and instead of thirty years purchase, the ordinary price of land in the present times, it amounted to little more than the expence of the different equipments which made the first discovery, reconnoitred the coast, and took a fictitious possession of the country. The land was good and of great extent, and the cultivators having plenty of good ground to work upon, and being for fome time at liberty to fell their produce where they pleafed, became in the courfe of little more than thirty or forty years (between 1620 and 1660) fo numerous and thriving a people, that the shopkeepers and other traders of England wished to secure to themselves the monopoly of their custom. Without pretending, therefore, that they had paid any part, either of the original purchase-money, or of the fubfequent expence of improvement, they petitioned the parliament that the cultivators of America might for the future be confined to their fhop; first, for buying all the goods which they wanted from Europe; and, fecondly, for felling all fuch parts of their own produce as those traders might find it convenient to buy. For

they did not find it convenient to buy every part of it. Some parts of it imported into England might have interfered with fome of the trades which they them felves carried on at home. Those particular parts of it, therefore, they were willing that the colonists should fell where they could; the farther off the better; and upon that account proposed that their market should be confined to the countries south of Cape Finisterre. A clause in the samous act of navigation established this truly shopkeeper proposal into a law.

The maintenance of this monopoly has hitherto been the principal, or more properly perhaps the fole end and purpose of the dominion which Great Britain affumes over her colonies. In the exclusive trade, it is supposed, consists the great advantages of provinces, which have never yet afforded either revenue or military force for the support of the civil government, or the defence of the mother country. The monopoly is the principal badge of their dependency, and it is the fole fruit which has hitherto been gathered from that dependency. Whatever expence Great Britain has hitherto laid out in maintaining this dependency, has really been laid out in order to support this monopoly. The expence of the ordinary peace establishment of the colonies amounted, before the commencement of the prefent difturbances, to the pay of twenty regiments of foot; to the expence of the artillery, ftores, and extraordinary provisions with which it was necessary to supply them; and to the ex-

pence

BOOK pence of a very confiderable naval force which was conftantly kept up, in order to guard, from the fmuggling veffels of other nations, the immense coasts of North America, and that of our West Indian Islands. The whole expence of this peace establishment was a charge upon the revenue of Great Britain, and was, at the same time, the fmallest part of what the dominion of the colonies has cost the mother country. If we would know the amount of the whole, we must add to the annual expence of this peace establishment the interest of the sums which, in consequence of her confidering her colonies as provinces subject to her dominion, Great Britain has upon different occasions laid out upon their defence. We must add to it, in particular, the whole expence of the late war, and a great part of that of the war which preceded it. The late war was altogether a colony quarrel, and the whole expence of it, in whatever part of the world it may have been laid out, whether in Germany or the East Indies, ought justly to be stated to the account of the colonies. It amounted to more than ninety millions sterling, including not only the new debt which was contracted, but the two shillings in the pound additional land tax, and the fums which were every year borrowed from the finking fund. The Spanish war which began in 1739, was pricipally a colony quarrel. Its principal object was to prevent the fearch of the colony ships which carried on a contraband trade with the Spanish main. This whole expence is, in reality, a bounty which has heen

been given in order to support a monopoly. C HAP. The pretended purpose of it was to encourage the manusactures, and to increase the commerce of Great Britain. But its real effect has been to raise the rate of mercantile profit, and to enable our merchants to turn into a branch of trade, of which the returns are more slow and distant than those of the greater part of other trades, a greater proportion of their capital than they otherwise would have done; two events which if a bounty could have prevented, it might perhaps have been very well worth while to give such a bounty.

Under the present system of management, therefore, Great Britain derives nothing but loss from the dominion which she assumes over her colonies.

To propose that Great Britain should voluntarily give up all authority over her colonies, and leave them to elect their own magistrates, to enact their own laws, and to make peace and war as they might think proper, would be to propose such a measure as never was, and never will be adopted, by any nation in the world. No nation ever voluntarily gave up the dominion of any province, how troublesome soever it might be to govern it, and how small soever the revenue which it afforded might be in proportion to the expence which it occasioned. Such sacrifices, though they might frequently be agreeable to the interest, are always mortifying to the pride of every nation, and what is perhaps of still greater consequence, they are always contrary to the private interest of the governing part of it,

BOOK who would thereby be deprived of the disposal of many places of trust and profit, of many opportunities of acquiring wealth and distinction, which the possession of the most turbulent, and, to the great body of the people, the most unprofitable province feldom fails to afford. The most visionary enthusiast would scarce be capable of proposing such a measure, with any serious hopes at least of its ever being adopted. If it was adopted, however, Great Britain would not only be immediately freed from the whole annual expence of the peace establishment of the colonies, but might fettle with them fuch a treaty of commerce as would effectually fecure to her a free trade, more advantageous to the great body of the people, though less so to the merchants, than the monopoly which she at present enjoys. By thus parting good friends, the natural affection of the colonies to the mother country, which, perhaps, our late diffensions have well nigh extinguished, would quickly revive. It might difpose them not only to respect, for whole centuries together, that treaty of commerce which they had concluded with us at parting, but to favour us in war as well as in trade, and, inftead of turbulent and factious fubjects, to become our most faithful, affectionate, and generous allies; and the fame fort of parental affection on the one fide, and filial respect on the other, might revive between Great Britain and her colonies. which used to subsist between those of ancient Greece and the mother city from which they descended.

In order to render any province advantageous C HAP. to the empire to which it belongs, it ought to afford, in time of peace, a revenue to the public fufficient not only for defraying the whole expence of its own peace establishment, but for contributing its proportion to the support of the general government of the empire. Every province necessarily contributes, more or less, to increase the expence of that general government. If any particular province, therefore, does not contribute its share towards defraying this expence, an unequal burden must be thrown upon fome other part of the empire. The extraordinary revenue too which every province affords to the public in time of war, ought, from parity of reason, to bear the same proportion to the extraordinary revenue of the whole empire which its ordinary revenue does in time of peace. That neither the ordinary nor extraordinary revenue which Great Britain derives from her colonies, bears this proportion to the whole revenue of the British empire, will readily be allowed. The monopoly, it has been supposed, indeed, by increasing the private revenue of the people of Great Britain, and thereby enabling them to pay greater taxes, compensates the deficiency of the public revenue of the colonies. But this monopoly, I have endeavoured to flow, though a very grievous tax upon the colonies, and though it may increase the revenue of a particular order of men in Great Britain, diminishes inftead of increafing that of the great body of the people; and consequently diminishes instead of increasing

BOOK increasing the ability of the great body of the people to pay taxes. The men too whose revenue the monopoly increases, constitute a particular order, which it is both absolutely impossible to tax beyond the proportion of other orders, and extremely impolitic even to attempt to tax beyond that proportion, as I shall endeavour to shew in the following book. No particular resource, therefore, can be drawn from this particular order.

The colonies may be taxed either by their own affemblies, or by the parliament of Great Britain.

That the colony affemblies can ever be fo

managed as to levy upon their constituents a public revenue sufficient, not only to maintain at all timestheir own civil and military establishment, but to pay their proper proportion of the expence of the general government of the British empire, feems not very probable. It was a long time before even the parliament of England, though placed immediately under the eye of the Sovereign, could be brought under fuch a fystem of management, or could be rendered fufficiently liberal in their grants for supporting the civil and military establishments even of their own country. It was only by diffributing among the particular members of parliament, a great part either of the offices, or of the disposal of the offices arifing from this civil and military esta-blishment, that such a system of management could be established even with regard to the parliament of England. But the distance of the colony affemblies from the eye of the Sovereign, their

their number, their dispersed situation, and their C HAP. various constitutions, would render it very difficult to manage them in the fame manner, even though the fovereign had the fame means of doing it; and those means are wanting. It would be absolutely impossible to distribute among all the leading members of all the colony assemblies such a share, either of the offices or of the disposal of the offices arising from the general government of the British empire, as to dispose them to give up their popularity at home, and to tax their constituents for the support of that general government, of which almost the whole emoluments were to be divided among people who were ftrangers to them. The unavoidable ignorance of administration, besides, concerning the relative importance of the different members of those different affemblies, the offences which must frequently be given, the blunders which must constantly be committed in attempting to manage them in this manner, feems to render fuch a fystem of management altogether impracticable with regard to them.

The colony affemblies, befides, cannot be fupposed the proper judges of what is necessary for the defence and support of the whole empire. The care of that defence and support is not entrusted to them. It is not their business, and they have no regular means of information concerning it. The assembly of a province, like the vestry of a parish, may judge very properly concerning the affairs of its own particular district; but can have no proper means of judging

concerning

BOOK concerning those of the whole empire. It cannot even judge properly concerning the proportion which its own province bears to the whole empire; or concerning the relative degree of its wealth and importance, compared with the other provinces; because those other provinces are not under the inspection and superintendency of the affembly of a particular province. What is neceffary for the defence and support of the whole empire, and in what proportion each part ought to contribute, can be judged of only by that affembly which inspects and superintends the affairs of the whole empire.

It has been proposed, accordingly, that the colonies should be taxed by requisition, the parliament of Great Britain determining the fum which each colony ought to pay, and the provincial affembly affeffing and levying it in the way that fuited best the circumstances of the province. What concerned the whole empire would in this way be determined by the affembly which inspects and superintends the affairs of the whole empire; and the provincial affairs of each colony might still be regulated by its own affembly. Though the colonies should in this case have no representatives in the British parliament, yet, if we may judge by experience, there is no probability that the parliamentary requifition would be unreasonable. The parliament of England has not upon any occasion shown the finallest disposition to overburden those parts of the empire which are not represented in parliament. The islands of Guernsey and Jersey, without.

without any means of refifting the authority of CHAP. parliament, are more lightly taxed than any part of Great Britain. Parliament in attempting to exercife its supposed right, whether well or ill grounded, of taxing the colonies, has never hitherto demanded of them any thing which even approached to a just proportion to what was paid by their fellow-fubjects at home. If the contribution of the colonies, befides, was to rife or fall in proportion to the rife or fall of the land tax, parliament could not tax them without taking at the same time its own constituents, and the colonies might in this cafe be confidered as virtually reprefented in parliament.

Examples are not wanting of empires in which all the different provinces are not taxed, if I may be allowed the expression, in one mass: but in which the fovereign regulates the fum which each province ought to pay, and in fome provinces affeffes and levies it as he thinks proper; while in others, he leaves it to be affessed and levied as the respective states of each province shall determine. In some provinces of France, the king not only imposes what taxes he thinks proper, but affesses and levies them in the way he thinks proper. From others he demands a certain fum, but leaves it to the states of each province to affefs and levy that fum as they think proper. According to the scheme of taxing by requisition, the parliament of Great Britain would stand nearly in the same situation towards the colony affemblies, as the King of France does towards the flates of those provinces which GG VOL. II.

which still enjoy the privilege of having states of their own, the provinces of France which are supposed to be the best governed.

fupposed to be the best governed.

But though, according to this scheme, the colonies could have no just reason to fear that their fhare of the public burdens fhould ever exceed the proper proportion to that of their fellow-citizens at home; Great Britain might have just reason to fear that it never would amount to that proper proportion. The parliament of Great Britain has not for some time past had the same established authority in the colonies, which the French King has in those pro-vinces of France which still enjoy the privilege of having flates of their own. The colony affemblies, if they were not very favourably dif-posed (and unless more skilfully managed than they ever have been hitherto, they are not very likely to be so), might still find many pretences for evading or rejecting the most reasonable re-quisitions of parliament. A French war breaks out, we shall suppose; ten millions must immediately be raifed, in order to defend the feat of the empire. This fum must be borrowed upon the credit of some parliamentary fund mortgaged for paying the interest. Part of this fund parliament proposes to raise by a tax to be levied in Great Britain, and part of it by a requisition to all the different colony assemblies of America and the West indies. Would people readily advance their money upon the credit of a fund, which partly depended upon the good humour of all those affemblies, far distant from the seat

of the war, and fometimes, perhaps, thinking CHAP. themselves not much concerned in the event of it? Upon fuch a fund no more money would probably be advanced than what the tax to be levied in Great Britain might be supposed to answer for. The whole burden of the debt contracted on account of the war would in this manner fall. as it always has done hitherto, upon Great Britain; upon a part of the empire, and not upon the whole empire. Great Britain is, perhaps, fince the world began, the only flate which, as it has extended its empire, has only increased its expence without once augmenting its refources. Other states have generally difburdened themfelves upon their fubject and fubordinate provinces of the most considerable part of the expence of defending the empire. Great Britain has hitherto fuffered her fubject and fubordinate provinces to disburden themselves upon her of almost this whole expence. In order to put Great Britain upon a footing of equality with her own colonies, which the law has hitherto fupposed to be subject and subordinate, it seems necessary, upon the scheme of taxing them by parliamentary requisition, that parliament should have fome means of rendering its requifitions immediately effectual, in cafe the colony affemblies should attempt to evade or reject them; and what those means are, it is not very easy to conceive, and it has not yet been explained.

. Should the parliament of Great Britain, at the fame time, be ever fully established in the right of taxing the colonies, even independent of

the

BOOK the confent of their own affemblies, the importance of those affemblies would from that moment be at an end, and with it, that of all the leading men of British America. Men desire to have fome share in the management of public affairs chiefly on account of the importance which it gives them. Upon the power which the greater part of the leading men, the natural ariftocracy of every country, have of preferving or defending their respective importance, depends the stability and duration of every system of free government. In the attacks which those leading men are continually making upon the importance of one another, and in the defence of their own, confifts the whole play of domestic faction and ambition. The leading men of America, like those of all other countries, defire to preserve their own importance. They feel, or imagine, that if their affemblies, which they are fond of calling parliaments, and of confidering as equal in authority to the parliament of Great Britain, should be so far degraded as to become the humble ministers and executive officers of that parliament, the greater part of their own importance would be at an end. They have rejected, therefore, the proposal of being taxed by parliamentary requisition, and like other ambitious and high-spirited men, have rather chosen to draw the fword in defence of their own importance.

Towards the declension of the Roman republic, the allies of Rome, who had borne the principal burden of defending the state and ex-

tending

tending the empire, demanded to be admitted to CHAP. all the privileges of Roman citizens. Upon being refused, the focial war broke out. During the course of that war Rome granted those privileges to the greater part of them, one by one, and in proportion as they detached themfelves from the general confederacy. The parliament of Great Britain infifts upon taxing the colonies; and they refuse to be taxed by a parliament in which they are not represented. If to each colony, which should detach itself from the general confederacy, Great Britain should allow fuch a number of reprefentatives as fuited the proportion of what it contributed to the public revenue of the empire, in confequence of its being subjected to the same taxes, and in compensation admitted to the same freedom of trade with its fellow-subjects at home; the number of its representatives to be augmented as the proportion of its contribution might afterwards augment; a new method of acquiring importance, a new and more dazzling object of ambition would be prefented to the leading men of each colony. Instead of piddling for the little prizes which are to be found in what may be called the paltry raffle of colony faction; they might then hope, from the prefumption which men naturally have in their own ability and good fortune, to draw fome of the great prizes which fometimes come from the wheel of the great state lottery of British politics. Unless this or fome other method is fallen upon, and there feems to be none more obvious than this, of

BOOK preferving the importance and of gratifying the ambition of the leading men of America, it is not very probable that they will ever voluntarily fubmit to us; and we ought to confider that the blood which must be shed in forcing them to do fo, is, every drop of it, the blood either of those who are, or of those whom we wish to have for our fellow-citizens. They are very weak who flatter themselves that, in the state to which things have come, our colonies will be eafily conquered by force alone. The persons who now govern the resolutions of what they call their continental congress, feel in themselves at this moment a degree of importance which, perhaps, the greatest subjects in Europe scarce feel. From shop-keepers, tradesmen, and attornies, they are become statesmen and legislators, and are employed in contriving a new form of government for an extensive empire, which, they flatter themfelves, will become, and which, indeed, feems very likely to become, one of the greatest and most formidable that ever was in the world. Five hundred different people, perhaps, who in different ways act immediately under the continental congress; and five hundred thousand, perhaps, who act under those five hundred, all feel in the same manner a proportionable rife in their own importance. Almost every individual of the governing party in America, fills, at prefent in his own fancy, a flation superior, not only to what he had ever filled before, but to what he had ever expected to fill; and unless some new object of ambition is presented either to him or to his leaders, if he has the ordinary spirit of a C HAP. man, he will die in defence of that station.

It is a remark of the Prefident Henaut, that we now read with pleasure the account of many little transactions of the Ligue, which when they happened were not perhaps confidered as very important pieces of news. But every man then, fays he, fancied himself of some importance; and the innumerable memoirs which have come down to us from those times were, the greater part of them, written by people who took pleafure in recording and magnifying events in which, they flattered themselves, they had been confiderable actors. How obstinately the city of Paris upon that occasion defended itself, what a dreadful famine it supported rather than fubmit to the best and afterwards to the most beloved of all the French Kings, is well known. The greater part of the citizens, or those who governed the greater part of them, fought in defence of their own importance, which they forefaw was to be at an end whenever the ancient government should be re-established. Our colonies, unless they can be induced to confent to a union, are very likely to defend themselves against the best of all mother countries, as obstinately as the city of Paris did against one of the best of Kings.

The idea of reprefentation was unknown in ancient times. When the people of one state were admitted to the right of citizenship in another, they had no other means of exercifing that right but by coming in a body to vote and deliberate. G G 4

BOOK deliberate with the people of that other state. The admission of the greater part of the inhabitants of Italy to the privileges of Roman citizens, completely ruined the Roman republic. It was no longer possible to distinguish between who was and who was not a Roman citizen. No tribe could know its own members. A rabble of any kind could be introduced into the affemblies of the people, could drive out the real citizens, and decide upon the affairs of the republic as if they themselves had been such. But though America were to fend fifty or fixty new representatives to parliament, the door-keeper of the House of Commons could not find any great difficulty in diftinguishing between who was and who was not a member. Though the Roman constitution, therefore, was necessarily ruined by the union of Rome with the allied states of Italy, there is not the least probability that the British constitution would be hurt by the union of Great Britain with her colonies. That constitution, on the contrary, would be completed by it, and feems to be imperfect without it. The affembly which deliberates and decides concerning the affairs of every part of the empire, in order to be properly informed, ought certainly to have representatives from every part of it. That this union, however, could be eafily effectuated, or that difficulties and great difficulties might not occur in the execution, I do not pretend. I have yet heard of none, however, which appear infurmountable. The principal perhaps arise, not from the nature of things, but from the prejudices and opinions

of the people both on this and on the other fide C HAP. of the Atlantic.

We, on this fide the water, are afraid left the multitude of American reprefentatives should overturn the balance of the conflitution, and increase too much either the influence of the crown on the one hand, or the force of the democracy on the other. But if the number of American reprefentatives were to be in proportion to the produce of American taxation, the number of people to be managed would increase exactly in proportion to the means of managing them; and the means of managing, to the number of people to be managed. The monarchical and democratical parts of the constitution would, after the union, stand exactly in the same degree of relative force with regard to one another as they had done before.

The people on the other fide of the water are afraid left their diftance from the feat of government might expose them to many oppressions. But their representatives in parliament, of which the number ought from the first to be considerable, would easily be able to protect them from all oppression. The distance could not much weaken the dependency of the representative upon the constituent, and the former would still feel that he owed his feat in parliament, and all the consequence which he derived from it, to the good-will of the latter. It would be the interest of the former, therefore, to cultivate that goodwill by complaining, with all the authority of a member of the legislature, of every outrage which

BOOK any civil or military officer might be guilty of in those remote parts of the empire. The distance of America from the feat of government, besides, the natives of that country might flatter themfelves, with fome appearance of reason too, would not be of very long continuance. Such has hitherto been the rapid progress of that country in wealth, population and improvement, that in the course of little more than a century, perhaps, the produce of American might exceed that of British taxation. The feat of the empire would then naturally remove itself to that part of the empire which contributed most to the general defence and support of the whole.

> The discovery of America, and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind. Their confequences have already been very great: but, in the short period of between two and three centuries which has elapfed fince thefe discoveries were made, it is impossible that the whole extent of their confequences can have been feen. What benefits, or what misfortunes to mankind may hereafter refult from those great events, no human wifdom can forefee. By uniting, in some measure, the most distant parts of the world, by enabling them to relieve one another's wants, to encrease one another's enjoyments, and to encourage one another's industry, their general tendency would feem to be beneficial. To the natives, however, both of the East and West Indies, all the commercial bene

fits which can have refulted from those events CHAP. have been funk and loft in the dreadful misfortunes which they have occasioned. These misfortunes, however, feem to have arifen rather from accident than from any thing in the nature of those events themselves. At the particular time when these discoveries were made, the fuperiority of force happened to be fo great on the fide of the Europeans, that they were enabled to commit with impunity every fort of injuffice in those remote countries. Hereafter, perhaps, the natives of those countries may grow stronger, or those of Europe may grow weaker, and the inhabitants of all the different quarters of the world may arrive at that equality of courage and force which, by inspiring mutual fear, can alone overawe the injuffice of independent nations into fome fort of respect for the rights of one another. But nothing feems more likely to establish this equality of force than that mutual communication of knowledge and of all forts of improvements which an extensive commerce from all countries to all countries naturally, or rather necessarily, carries along with it.

In the mean time one of the principal effects of those discoveries has been to raise the mercantile system to a degree of splendour and glory which it could never otherwise have attained to. It is the object of that system to enrich a great nation rather by trade and manufactures than by the improvement and cultivation of land, rather by the industry of the towns than by that of the country. But, in consequence of those discoveries

coveries,

BOOK coveries, the commercial towns of Europe, inflead of being the manufacturers and carriers for but a very finall part of the world (that part of Europe which is washed by the Atlantic ocean, and the countries which lie round the Baltic and Mediterranean seas), have now become the manufacturers for the numerous and thriving cultivators of America, and the carriers, and in some respects the manufacturers too, for almost all the different nations of Asia, Africa, and America. Two new worlds have been opened to their industry, each of them much greater

greater every day.

The countries which possess the colonies of America, and which trade directly to the East Indies, enjoy, indeed, the whole shew and splendour of this great commerce. Other countries, however, notwithstanding all the invidious reftraints by which it is meant to exclude them, frequently enjoy a greater share of the real benefit of it. The colonies of Spain and Portugal, for example, give more real encouragement to the industry of other countries than to that of Spain and Portugal. In the fingle article of linen alone the confumption of those colonies amounts, it is faid, but I do not pretend to warrant the quantity, to more than three millions fterling a year. But this great confumption is almost entirely supplied by France, Flanders, Holland, and Germany. Spain and Portugal furnish but a small part of it. The capital which

and more extensive than the old one, and the market of one of them growing still greater and

which supplies the colonies with this great quan- C H A P. tity of linen is annually distributed among, and furnishes a revenue to the inhabitants of those other countries. The profits of it only are fpent in Spain and Portugal, where they help to support the sumptuous profusion of the merchants of Cadiz and Lifbon.

Even the regulations by which each nation endeavours to fecure to itself the exclusive trade of its own colonies, are frequently more hurtful to the countries in favour of which they are established than to those against which they are established. The unjust oppression of the induftry of other countries falls back, if I may fay fo, upon the heads of the oppressors, and crushes their industry more than it does that of those other countries. By those regulations, for example, the merchant of Hamburgh must fend the linen which he destines for the American market to London, and he must bring back from thence the tobacco which he deftines for the German market; because he can neither fend the one directly to America, nor bring back the other directly from thence. By this restraint he is probably obliged to fell the one fomewhat cheaper, and to buy the other fomewhat dearer than he otherwise might have done; and his profits are probably fomewhat abridged by means of it. In this trade, however, between Hamburgh and London, he certainly receives the returns of his capital much more quickly than he could possibly have done in the direct trade to America, even though we should suppose,

of America were as punctual as those of London. In the trade, therefore, to which those regulations confine the merchant of Hamburgh, his capital can keep in constant employment a much greater quantity of German industry than it possibly could have done in the trade from which he is excluded. Though the one employment, therefore, may to him perhaps be less profitable than the other, it cannot be less advantageous to his country. It is quite otherwise with the employment into which the monopoly naturally

attracts, if I may fay fo, the capital of the London merchant. That employment may, perhaps, be more profitable to him than the greater part of other employments, but, on account of the flowness of the returns, it cannot

be more advantageous to his country.

After all the unjust attempts, therefore, of every country in Europe to engross to itself the whole advantage of the trade of its own colonies, no country has yet been able to engross to itself any thing but the expence of supporting in time of peace and of defending in time of war the oppressive authority which it assumes over them. The inconveniencies resulting from the possession of its colonies, every country has engrossed to itself completely. The advantages resulting from their trade it has been obliged to share with many other countries.

At first fight, no doubt, the monopoly of the great commerce of America, naturally seems to be an acquisition of the highest value. To the

undif-

undifcerning eye of giddy ambition, it naturally c happeresents itself amidst the confused scramble of politics and war, as a very dazzling object to sight for. The dazzling splendour of the object, however, the immense greatness of the commerce, is the very quality which renders the monopoly of it hurtful, or which makes one employment, in its own nature necessarily less advantageous to the country than the greater part of other employments, absorb a much greater proportion of the capital of the country than what would otherwise have gone to it.

The mercantile flock of every country, it has been shewn in the second book, naturally seeks, if one may fay fo, the employment most advantageous to that country. If it is employed in the carrying trade, the country to which it belongs becomes the emporium of the goods of all the countries whose trade that stock carries on. But the owner of that stock necessarily wishes to difpose of as great a part of those goods as he can at home. He thereby faves himfelf the trouble, risk, and expence, of exportation, and he will upon that account be glad to fell them at home, not only for a much smaller price, but with fomewhat a fmaller profit than he might expect to make by fending them abroad. He naturally, therefore, endeavours as much as he can to turn his carrying trade into a foreign trade of confumption. If his flock again is employed in a foreign trade of confumption, he will, for the fame reason, be glad to dispose of at home as great a part as he can of the home goods, which

BOOK he collects in order to export to some foreign market, and he will thus endeavour, as much as

he can, to turn his foreign trade of consumption into a home trade. The mercantile flock of every country naturally courts in this manner the near, and shuns the distant employment; naturally courts the employment in which the returns are frequent, and shuns that in which they are diftant and flow; naturally courts the employment in which it can maintain the greatest quantity of productive labour in the country to which it belongs, or in which its owner refides, and fluns that in which it can maintain there the fmallest quantity. It naturally courts the employment which in ordinary cases is most advantageous, and fhuns that which in ordinary cases is least advantageous to that country.

But if in any of those distant employments, which in ordinary cases are less advantageous to the country, the profit should happen to rife somewhat higher than what is sufficient to balance the natural preference which is given to nearer employments, this fuperiority of profit will draw flock from those nearer employments, till the profits of all return to their proper level. This fuperiority of profit, however, is a proof that, in the actual circumstances of the society, those distant employments are somewhat underflocked in proportion to other employments, and that the flock of the fociety is not distributed in the properest manner among all the different employments carried on in it. It is a proof that something is either bought cheaper or fold dearer

than

than it ought to be, and that some particular C HAP. class of citizens is more or less oppressed either VII. by paying more or by getting less than what is fuitable to that equality, which ought to take place, and which naturally does take place among all the different classes of them. Though the fame capital never will maintain the fame quantity of productive labour in a distant as in a near employment, yet a distant employment may be as necessary for the welfare of the society as a near one; the goods which the distant employment deals in being necessary, perhaps, for carrying on many of the nearer employments. But if the profits of those who deal in such goods are above their proper level, those goods will be fold dearer than they ought to be, or fomewhat above their natural price, and all those engaged in the nearer employments will be more or less oppressed by this high price. Their interest, therefore, in this case requires that some stock should be withdrawn from those nearer employments, and turned towards that distant one, in order to reduce its profits to their proper level, and the price of the goods which it deals in to their natural price. In this extraordinary case, the public interest requires that some stock should be withdrawn from those employments which in ordinary cases are more advantageous, and turned towards one which in ordinary cases is less advantageous to the public: and in this extraordinary cafe, the natural interests and inclinations of men coincide as exactly with the public interest as in all other ordinary cases, HH and

BOOK and lead them to withdraw stock from the near, and to turn it towards the distant employment.

It is thus that the private interests and passions of individuals naturally dispose them to turn their flock towards the employments which in ordinary cases are most advantageous to the fociety. But if from this natural preference they fhould turn too much of it towards those employments, the fall of profit in them and the rife of it in all others immediately dispose them to alter this faulty distribution. Without any intervention of law, therefore, the private interests and passions of men naturally lead them to divide and distribute the stock of every fociety, among all the different employments carried on in it, as nearly as possible in the proportion which is most agreeable to the interest of the whole fociety.

All the different regulations of the mercantile fystem, necessarily derange more or less this natural and most advantageous distribution of stock. But those which concern the trade to America and the East Indies derange it perhaps more than any other; because the trade to those two great continents absorbs a greater quantity of stock than any two other branches of trade. The regulations, however, by which this derangement is effected in those two different branches of trade are not altogether the same. Monopoly is the great engine of both: but it is a different fort of monopoly. Monopoly of one kind or another, indeed, seems to be the sole engine of the mercantile system.

In the trade to America every nation en- CHAP. deavours to engross as much as possible the whole market of its own colonies, by fairly excluding all other nations from any direct trade to them. During the greater part of the fixteenth century, the Portuguese endeavoured to manage the trade to the East Indies in the same manner, by claiming the fole right of failing in the Indian feas, on account of the merit of having first found out the road to them. The Dutch still continue to exclude all other European nations from any direct trade to their spice islands. Monopolies of this kind are evidently established against all other European nations, who are thereby not only excluded from a trade to which it might be convenient for them to turn fome part of their flock, but are obliged to buy the goods which that trade deals in somewhat dearer, than if they could import them them felves directly from the countries which produce them.

But fince the fall of the power of Portugal, no European nation has claimed the exclusive right of failing in the Indian seas, of which the principal ports are now open to the ships of all European nations. Except in Portugal, however, and within these few years in France, the trade to the East Indies has in every European country been subjected to an exclusive company. Monopolies of this kind are properly established against the very nation which erects them. The greater part of that nation are thereby not only excluded from a trade to which it might be con-

venient.

BOOK venient for them to turn some part of their stock, but are obliged to buy the goods which that trade deals in, fomewhat dearer that if it was open and free to all their countrymen. Since the establishment of the English East India company, for example, the other inhabitants of England, over and above being excluded from the trade, must have paid in the price of the East India goods which they have confumed, not only for all the extraordinary profits which the company may have made upon those goods in confequence of their monopoly, but for all the extraordinary wafte which the fraud and abufe, inseparable from the management of the affairs of fo great a company, must necessarily have occasioned. The absurdity of this second kind of monopoly, therefore, is much more manifest

> Both these kinds of monopolies derange more or less the natural distribution of the stock of the society: but they do not always derange it in the same way.

than that of the first.

Monopolies of the first kind always attract to the particular trade in which they are established, a greater proportion of the stock of the society than what would go to that trade of its own accord.

Monopolies of the fecond kind may fometimes attract flock towards the particular trade in which they are established, and sometimes repel it from that trade according to different circumstances. In poor countries they naturally attract towards that trade more flock than would C HAP. otherwise go to it. In rich countries they naturally repel from it a good deal of flock which would otherwife go to it.

Such poor countries as Sweden and Denmark, for example, would probably have never fent a fingle ship to the East Indies, had not the trade been subjected to an exclusive company. The establishment of such a company necessarily encourages adventurers. Their monopoly fecures them against all competitors in the home market, and they have the same chance for foreign markets with the traders of other nations. Their monopoly shows them the certainty of a great profit upon a confiderable quantity of goods, and the chance of a confiderable profit upon a great quantity. Without fuch extraordinary encouragement, the poor traders of fuch poor countries would probably never have thought of hazarding their small capitals in fo very distant and uncertain an adventure as the trade to the East Indies must naturally have appeared to them.

Such a rich country as Holland, on the contrary, would probably, in the cafe of a free trade, fend many more ships to the East Indies than it actually does. The limited flock of the Dutch East India company probably repels from that trade many great mercantile capitals which would otherwise go to it. The mercantile capital of Holland is fo great that it is, as it were, continually overflowing, fometimes into the public funds of foreign countries, fometimes into loans

BOOK to private traders and adventurers of foreign countries, fometimes into the most round-about foreign trades of confumption, and fometimes into the carrying trade. All near employments being completely filled up, all the capital which can be placed in them with any tolerable profit being already placed in them, the capital of Holland necessarily flows towards the most diftant employments. The trade to the East Indies, if it were altogether free, would probably abforb the greater part of this redundant capital. The East Indies offer a market both for the manufactures of Europe and for the gold and filver as well as for feveral other productions of America, greater and more extensive than both Europe and America put together.

Every derangement of the natural distribution of flock is necessarily hurtful to the fociety in which it takes place; whether it be by repelling from a particular trade the flock which would otherwife go to it, or by attracting towards a particular trade that which would not otherwife come to it. If, without any exclusive company, the trade of Holland to the East Indies would be greater than it actually is, that country must suffer a considerable loss by part of its capital being excluded from the employment most convenient for that part. And in the same manner, if, without any exclusive company, the trade of Sweden and Denmark to the East Indies would be less than it actually is, or, what perhaps is more probable, would not exift at all, those two countries must likewise suffer a confiderable

drawn into an employment which must be more or less unsuitable to their present circumstances. Better for them, perhaps, in their present circumstances, to buy East India goods of other nations, even though they should pay somewhat dearer, than to turn so great a part of their small capital to so very distant a trade, in which the returns are so very slow, in which that capital can maintain so small a quantity of productive labour at home, where productive labour is so much wanted, where so little is done, and where so much is to do.

Though without an exclusive company, therefore, a particular country should not be able to carry on any direct trade to the East Indies, it will not from thence follow that such a company ought to be established there, but only that such a country ought not in these circumstances to trade directly to the East Indies. That such companies are not in general necessary for carrying on the East India trade, is sufficiently demonstrated by the experience of the Portuguese, who enjoyed almost the whole of it for more than a century together without any exclusive company.

No private merchant, it has been faid, could well have capital fufficient to maintain factors and agents in the different ports of the East Indies, in order to provide goods for the ships which he might occasionally send thither; and yet, unless he was able to do this, the difficulty of finding a cargo might frequently make his ships lose the season for returning, and the ex-

BOOK pence of fo long a delay would not only eat up the whole profit of the adventure but frequently occasion a very considerable loss. This argument, however, if it proved any thing at all, would prove that no one great branch of trade could be carried on without an exclusive company, which is contrary to the experience of all nations. There is no great branch of trade in which the capital of any one private merchant is fufficient, for carrying on all the fubordinate branches which must be carried on, in order to carry on the principal one. But when a nation is ripe for any great branch of trade, fome merchants naturally turn their capitals towards the principal, and fome towards the fubordinate branches of it; and though all the different branches of it are in this manner carried on, yet it very feldom happens that they are all carried on by the capital of one private merchant. If a nation, therefore, is ripe for the East India trade, a certain portion of its capital will naturally divide itself among all the different branches of that trade. Some of its merchants will find it for their interest to reside in the East Indies, and to employ their capitals there in providing goods for the ships which are to be fent out by other merchants who refide in Europe. The fettlements which different European nations have obtained in the East Indies, if they were taken from the exclusive companies to which they at prefent belong, and put under the immediate protection of the fovereign, would render this refidence both fafe and eafy, at least to the merchants

chants of the particular nations to whom those C HAP. fettlements belong. If at any particular time that part of the capital of any country which of its own accord tended and inclined, if I may fay fo, towards the East India trade, was not fufficient for carrying on all those different branches of it, it would be a proof that, at that particular time, that country was not ripe for that trade, and that it would do better to buy for fome time, even at a higher price, from other European nations, the East India goods it had occasion for, than to import them itself directly from the East Indies. What it might lose by the high price of those goods could feldom be equal to the lofs which it would fuftain by the distraction of a large portion of its capital from other employments more necessary, or more useful, or more fuitable to its circumstances and fituation, than a direct trade to the East Indies.

Though the Europeans possess many confiderable settlements both upon the coast of Africa and in the East Indies, they have not yet established in either of those countries such numerous and thriving colonies as those in the islands and continent of America. Africa, however, as well as several of the countries comprehended under the general name of the East Indies, are inhabited by barbarous nations. But those nations were by no means so weak and defenceless as the miserable and helpless Americans; and in proportion to the natural fertility of the countries which they inhabited, they were besides much more populous. The most barba-

474 OF COLONIES. BOOK rous nations either of Africa or of the East Indies were shepherds; even the Hottentots were fo. But the natives of every part of America, except Mexico and Peru, were only hunters; and the difference is very great between the number of shepherds and that of hunters whom the fame extent of equally fertile territory can maintain. In Africa and the East Indies, therefore, it was more difficult to difplace the natives, and to extend the European plantations over the greater part of the land of the original inhabitants. The genius of exclusive companies, befides, is unfavourable, it has already been obferved, to the growth of new colonies, and has probably been the principal cause of the little progrefs which they have made in the East Indies. The Portuguese carried on the trade both to Africa and the East Indies without any exclufive companies, and their fettlements at Congo, Angola, and Benguela on the coast of Africa, and at Goa in the East Indies, though much depressed by superstition and every fort of bad government, yet bear fome faint refemblance to the colonies of America, and are partly inhabited

> at present the most considerable colonies which the Europeans have established either in Africa or in the East Indies, and both these settlements are peculiarly fortunate in their situation. The

> by Portuguese who have been established there for several generations. The Dutch settlements at the Cape of Good Hope and at Batavia, are

> Cape of Good Hope was inhabited by a race of people almost as barbarous and quite as incapable

pable of defending themselves as the natives of c HAP. America. It is besides the half-way house, if one may fay fo, between Europe and the East Indies, at which almost every European ship makes fome flay both in going and returning. The fupplying of those ships with every fort of fresh provisions, with fruit and sometimes with wine, affords alone a very extensive market for the furplus produce of the colonists. What the Cape of Good Hope is between Europe and every part of the East Indies, Batavia is between the principal countries of the East Indies. It lies upon the most frequented road from Indostan to China and Japan, and is nearly about mid-way upon that road. Almost all the ships too that fail between Europe and China touch at Batavia; and it is, over and above all this, the center and principal mart of what is called the country trade to the East Indies; not only of that part of it which is carried on by Europeans, but of that which is carried on by the native Indians; and veffels navigated by the inhabitants of China and Japan, of Tonquin, Malacca, Cochin-China, and the island of Celebes, are frequently to be feen in its port. Such advantageous fituations have enabled those two colonies to furmount all the obstacles which the oppressive genius of an exclusive company may have occasionally opposed to their growth. They have enabled Batavia to furmount the additional difadvantage of perhaps the most unwholesome climate in the world.

BOOK The English and Dutch companies, though they have established no considerable colonies, except the two above mentioned, have both made confiderable conquests in the East Indies. But in the manner in which they both govern their new fubjects, the natural genius of an exclusive company has shown itself most distinctly. In the fpice islands the Dutch are faid to burn all the fpiceries which a fertile feafon produces beyond what they expect to dispose of in Europe with fuch a profit as they think fufficient. In the islands where they have no fettlements, they give a premium to those who collect the young bloffoms and green leaves of the clove and nutmeg trees which naturally grow there, but which this favage policy has now, it is faid, almost completely extirpated. Even in the islands where they have fettlements they have very much reduced, it is faid, the number of those trees. If the produce even of their own iflands was much greater than what fuited their market, the natives, they suspect, might find means to convey some part of it to other nations; and the best way, they imagine, to secure their own monopoly, is to take care that no more shall grow than what they themselves carry to market. By different arts of oppression they have reduced the population of feveral of the Moluccas nearly to the number which is fufficient to fupply with fresh provisions and other necessaries of life their own infignificant garrifons, and fuch of their ships as occasionally come there

there for a cargo of spices. Under the govern- C HAP. ment even of the Portuguese, however, those VII. iflands are faid to have been tolerably well inhabited. The English company have not yet had time to establish in Bengal so perfectly destructive a fystem. The plan of their government, however, has had exactly the fame tendency. It has not been uncommon, I am well affured, for the chief, that is, the first clerk of a factory, to order a peafant to plough up a rich field of poppies, and fow it with rice or fome other grain. The pretence was, to prevent a fcarcity of provisions; but the real reason, to give the chief an opportunity of felling at a better price a large quantity of opium, which he happened then to have upon hand. Upon other occasions the order has been reversed; and a rich field of rice or other grain has been ploughed up, in order to make room for a plantation of poppies; when the chief forefaw that extraordinary profit was likely to be made by opium. The fervants of the company have upon feveral occasions attempted to establish in their own favour the monopoly of fome of the most important branches, not only of the foreign, but of the inland trade of the country. Had they been allowed to go on, it is impossible that they should not at some time or another have attempted to reftrain the production of the particular articles of which they has thus usurped the monopoly, not only to the quantity which they themselves could purchase, but to that which they could expect to fell with fuch a profit as they might think fufficient. In

English company would in this manner have probably proved as completely destructive as that of the Dutch.

Nothing, however, can be more directly contrary to the real interest of those companies, confidered as the fovereigns of the countries which they have conquered, than this destructive plan. In almost all countries the revenue of the fovereign is drawn from that of the people. The greater the revenue of the people, therefore, the greater the annual produce of their land and labour, the more they can afford to the fovereign. It is his interest, therefore, to increase as much as possible that annual produce. But if this is the interest of every fovereign, it is peculiarly fo of one, whose revenue, like that of the fovereign of Bengal, arifes chiefly from a landrent. That rent must necessarily be in proportion to the quantity and value of the produce, and both the one and the other must depend upon the extent of the market. The quantity will always be fuited with more or lefs exactnefs to the confumption of those who can afford to pay for it, and the price which they will pay will always be in proportion to the eagerness of their competition. It is the interest of such a sovereign, therefore, to open the most extensive market for the produce of his country, to allow the most perfect freedom of commerce, in order to increase as much as possible the number and the competition of buyers; and upon this account to abolish, not only all monopolies, but

all reftraints upon the transportation of the C H A P. home produce from one part of the country to another, upon its exportation to foreign countries, or upon the importation of goods of any kind for which it can be exchanged. He is in this manner most likely to increase both the quantity and value of that produce, and consequently of his own share of it, or of his own revenue.

But a company of merchants are, it feems, incapable of confidering themselves as fovereigns, even after they have become fuch. Trade, or buying in order to fell again, they still consider as their principal business, and b a ftrange abfurdity, regard the character of the fovereign as but an appendix to that of the merchant, as fomething which ought to be made fubfervient to it, or by means of which they may be enabled to buy cheaper in India, and thereby to fell with a better profit in Europe. They endeavour for this purpose to keep out as much as possible all competitors from the market of the countries which are subject to their government, and confequently to reduce, at leaft, some part of the surplus produce of those countries to what is barely fufficient for fupplying their own demand, or to what they can expect to fell in Europe with such a profit as they may think reasonable. Their mercantile habits draw them in this manner, almost necessarily, though perhaps infenfibly, to prefer upon all ordinary occasions the little and transitory profit of the monopolist to the great and permanent

lead them to treat the countries subject to their government nearly as the Dutch treat the Moluccas. It is the interest of the East India company, considered as sovereigns, that the European goods which are carried to the Indian dominions, should be fold there as cheap as possible; and that the Indian goods which are brought from thence should bring there as good a price, or should be fold there as dear as possible. But the reverse of this is their interest as merchants. As sovereigns, their interest is exactly the same with that of the country which they govern. As merchants, their interest is directly opposite to that interest.

But if the genius of fuch a government, even as to what concerns its direction in Europe, is in this manner effentially and perhaps incurably faulty, that of its administration in India is still more fo. That administration is necessarily composed of a council of merchants, a profession no doubt extremely respectable, but which in no country in the world carries along with it that fort of authority which naturally over-awes the people, and without force commands their willing obedience. Such a council can command obedience only by the military force with which they are accompanied, and their government is therefore necessarily military and despotical. Their proper business, however, is that of merchants. It is to fell, upon their mafters' account, the European goods configned to them, and to buy in return Indian goods for the

European

European market. It is to fell the one as dear c H A P. and to buy the other as cheap as possible, and consequently to exclude as much as possible all rivals from the particular market where they keep their shop. The genius of the administration, therefore, so far as concerns the trade of the company, is the same as that of the direction. It tends to make government subservient to the interest of monopoly, and consequently to stunt the natural growth of some parts at least of the surplus produce of the country to what is barely sufficient for answering the demand of the company.

All the members of the administration, befides, trade more or less upon their own account, and it is in vain to prohibit them from doing fo. Nothing can be more completely foolish than to expect that the clerks of a great counting-house at ten thousand miles distance, and consequently almost quite out of fight, should, upon a simple order from their mafters, give up at once doing any fort of business upon their own account, abandon for ever all hopes of making a fortune, of which they have the means in their hands, and content themselves with the moderate salaries which those masters allow them, and which, moderate as they are, can feldom be augmented, being commonly as large as the real profits of the company trade can afford. In fuch circumstances, to prohibit the fervants of the company from trading upon their own account, can have fcarce any other effect than to enable the fuperior fervants, under pretence of executing their masters' order, to oppress such of the inferior ones

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BOOK as have had the misfortune to fall under their displeasure. The fervants naturally endeavour to establish the same monopoly in favour of their own private trade as of the public trade of the company. If they are fuffered to act as they could wish, they will establish this monopoly openly and directly, by fairly prohibiting all other people from trading in the articles in which they chuse to deal; and this, perhaps, is the best and least oppressive way of establishing it. But if by an order from Europe they are prohibited from doing this, they will, notwithstanding, endeavour to establish a monopoly of the same kind, secretly and indirectly, in a way that is much more destructive to the country. They will employ the whole authority of government, and pervert the administration of justice, in order to harass and ruin those who interfere with them in any branch of commerce which, by means of agents, either concealed, or at least not publicly avowed, they may chuse to carry on. But the private trade of the fervants will naturally extend to a much greater variety of articles than the public trade of the company. The public trade of the company extends no further than the trade with Europe, and comprehends a part only of the foreign trade of the country. But the private trade of the fervants may extend to all the different branches both of its inland and foreign trade. The monopoly of the company can tend only to flunt the natural growth of that part of the furplus produce which, in the cafe of a free trade, would be exported to Europe. That of the fervants tends to funt the natural growth of every part of the produce in which they chuse to C HAP. deal, of what is destined for home consumption, as well as of what is destined for exportation; and consequently to degrade the cultivation of the whole country, and to reduce the number of its inhabitants. It tends to reduce the quantity of every fort of produce, even that of the necessaries of life, whenever the fervants of the company chuse to deal in them, to what those servants can both afford to buy and expect to fell with such a profit as pleases them.

From the nature of their fituation too the fervants must be more disposed to support with rigorous feverity their own interest against that of the country which they govern, than their mafters can be to support theirs. The country belongs to their mafters, who cannot avoid having fome regard for the interest of what belongs to them. But it does not belong to the fervants. The real interest of their masters, if they were capable of understanding it, is the same with that of the country*, and it is from ignorance chiefly, and the meanness of mercantile prejudice, that they ever oppress it. But the real interest of the fervants is by no means the fame with that of the country, and the most perfect information would not necessarily put an end to their oppressions. The regulations accordingly which have been fent out from Europe, though they have been frequently weak, have upon most occasions been

well-

^{*} The interest of every proprietor of India Stock, however, is by no means the same with that of the country in the government of which his vote gives him some influence. See Book V. Chap. i. Part 3d.

BOOK well-meaning. More intelligence, and perhaps less good meaning, has sometimes appeared in those established by the servants in India. It is a very fingular government, in which every member of the administration wishes to get out of the country, and confequently to have done with the government, as foon as he can, and to whose interest, the day after he has left it, and carried his whole fortune with him, it is perfectly indifferent though the whole country was fwallowed up by an earthquake.

> I mean not, however, by any thing which I have here faid, to throw any odious imputation upon the general character of the fervants of the East India company, and much less upon that of any particular perfons. It is the fystem of government, the fituation in which they are placed, that I mean to cenfure: not the character of those who have acted in it. They acted as their fituation naturally directed, and they who have clamoured the loudest against them would, probably, not have acted better themselves. In war and negociation, the councils of Madras and Calcutta have upon feveral occasions conducted themselves with a resolution and decisive wisdom which would have done honour to the Senate of Rome in the best days of that republic. The members of those councils, however, had been bred to professions very different from war and politics. But their fituation alone, without education, experience, or even example, feems to have formed in them all at once the great qualities which it required, and to have inspired them both with abilities and virtues which they

themfelves

themselves could not well know that they pos- CHAP. fessed. If upon some occasions, therefore, it has VII. animated them to actions of magnanimity which could not well have been expected from them, we should not wonder if upon others it has prompted them to exploits of fomewhat a different nature.

Such exclusive companies, therefore, are nuifances in every refpect; always more or less inconvenient to the countries in which they are established, and destructive to those which have the misfortune to fall under their government,

CHAP. VIII.

Conclusion of the Mercantile System..

THOUGH the encouragement of exportation, and the discouragement of importation. tion, are the two great engines by which the mercantile fystem proposes to enrich every country, yet with regard to some particular commodities, it feems to follow an opposite plan: to discourage exportation, and to encourage importation. Its ultimate object, however, it pretends, is always the fame, to enrich the country by an advantageous balance of trade. It difcourages the exportation of the materials of manufacture, and of the instruments of trade, in order to give our own workmen an advantage, and to enable them to underfell those of other nations in all foreign markets: and by restrain-

BOOK ing, in this manner, the exportation of a few commodities, of no great price, it propofes to occasion a much greater and more valuable exportation of others. It encourages the importation of the materials of manufacture, in order that our own people may be enabled to work them up more cheaply, and thereby prevent a greater and more valuable importation of the manufactured commodities. I do not observe, at leaft in our Statute Book, any encouragement given to the importation of the inftruments of trade. When manufactures have advanced to a certain pitch of greatness, the fabrication of the instruments of trade becomes itself the object of a great number of very important manufactures. To give any particular encouragement to the importation of fuch inftruments, would interfere too much with the interest of those manufactures. Such importation, therefore, instead of being encouraged, has frequently been prohibited. Thus the importation of wool cards, except from Ireland, or when brought in as wreck or prize goods, was prohibited by the 3d of Edward IV.; which prohibition was renewed by the 39th of Elizabeth, and has been continued and rendered perpetual by fubfequent laws.

The importation of the materials of manufacture has fometimes been encouraged by an exemption from the duties to which other goods

are fubject, and fometimes by bounties.

The importation of fheep's wool from feveral different countries, of cotton wool from all countries, of undressed flax, of the greater part of

dying

dying drugs, of the greater part of undressed hides from Ireland or the British colonies, of seal skins from the British Greenland sishery, of pig and bar iron from the British colonies, as well as of several other materials of manufacture, has been encouraged by an exemption from all duties, if properly entered at the custom-house. The private interests of our merchants and manufacturers may, perhaps, have extorted from the legislature these exemptions, as well as the greater part of our other commercial regulations. They are, however, perfectly just and reasonable, and if, consistently with the necessities of the state, they could be extended to all the other materials of manufacture, the public would certainly be a gainer.

The avidity of our great manufacturers, however, has in some cases extended these exemptions a good deal beyond what can justly be considered as the rude materials of their work. By the 24 Geo. II. chap. 46. a small duty of only one penny the pound was imposed upon the importation of foreign brown linen yarn, instead of much higher duties to which it had been subjected before, viz. of sixpence the pound upon sail yarn, of one shilling the pound upon all French and Dutch yarn, and of two pounds thirteen shillings and sourpence upon the hundred weight of all spruce or Muscovia yarn. But our manufacturers were not long satisfied with this reduction. By the 29th of the same King, chap. 15. the same law which gave a bounty upon the exportation of British and Irish linen of

which

BOOK which the price did not exceed eighteen pence the yard, even this fmall duty upon the importation of brown linen yarn was taken away. In the different operations, however, which are necesfary for the preparation of linen yarn, a good deal more industry is employed, than in the subfequent operation of preparing linen cloth from linen yarn. To fay nothing of the industry of the flax-growers and flax-dreffers, three or four fpinners, at leaft, are necessary, in order to keep one weaver in conftant employment; and more than four-fifths of the whole quantity of labour, neceffary for the preparation of linen cloth, is employed in that of linen yarn; but our spinners are poor people, women commonly fcattered about in all different parts of the country, without support or protection. It is not by the sale of their work, but by that of the complete work of the weavers, that our great master manufacturers make their profits. As it is their interest to fell the complete manufacture as dear, fo is it to buy the materials as cheap as possible. By extorting from the legislature bounties upon the exportation of their own linen, high duties upon the importation of all foreign linen, and a total prohibition of the home confumption of some forts of French linen, they endeavour to fell their own goods as dear as possible. By encouraging the importation of foreign linen yarn, and thereby bringing it into competition with that which is made by our own people, they endeavour to buy the work of the poor fpinners as cheap as possible. They are as intent to keep down the wages of their own C HAP. weavers as the earnings of the poor spinners, and it is by no means for the benefit of the workman, that they endeavour either to raise the price of the complete work, or to lower that of the rude materials. It is the industry which is carried on for the benefit of the rich and the powerful, that is principally encouraged by our mercantile system. That which is carried on for the benefit of the poor and the indigent, is too often either neglected or oppressed.

Both the bounty upon the exportation of linen, and the exemption from duty upon the importation of foreign yarn, which were granted only for fifteen years, but continued by two different prolongations, expire with the end of the fession of parliament which shall immediately

follow the 24th of June 1786.

The encouragement given to the importation of the materials of manufacture by bounties, has been principally confined to such as were im-

ported from our American plantations.

The first bounties of this kind were those granted about the beginning of the present century, upon the importation of naval stores from America. Under this denomination were comprehended timber fit for masts, yards, and bowsprits; hemp, tar, pitch, and turpentine. The bounty, however, of one pound the ton upon masting-timber, and that of fix pounds the ton upon hemp, were extended to such as should be imported into England from Scotland. Both these bounties continued without any variation,

BOOK at the fame rate, till they were feverally allowed to expire; that upon hemp, on the 1st of January 1741, and that upon masting-timber at the end of the session of parliament immediately sollowing the 24th June 1781.

The bounties upon the importation of tar, pitch, and turpentine underwent, during their continuance, feveral alterations. Originally that upon tar was four pounds the ton; that upon pitch the fame; and that upon turpentine, three pounds the ton. The bounty of four pounds the ton upon tar was afterwards confined to fuch as had been prepared in a particular manner; that upon other good, clean, and merchantable tar, was reduced to two pounds four shillings the ton. The bounty upon pitch was likewise reduced to one pound; and that upon turpentine to one pound ten shillings the ton.

The fecond bounty upon the importation of any of the materials of manufacture, according to the order of time, was that granted by the 21 Geo. II. chap. 30. upon the importation of indigo from the British plantations. When the plantation indigo was worth three-fourths of the price of the best French indigo, it was by this act entitled to a bounty of fixpence the pound. This bounty, which, like most others, was granted only for a limited time, was continued for several prolongations, but was reduced to four pence the pound. It was allowed to expire with the end of the seffion of parliament which followed the 25th March 1781.

The third bounty of this kind was that granted (much

(much about the time that we were beginning CHAP. fometimes to court and fometimes to quarrel with our American colonies) by the 4 Geo. III. chap. 26. upon the importation of hemp, or undreffed flax, from the British plantations. This bounty was granted for twenty-one years, from the 24th June 1764, to the 24th June 1785. For the first feven years it was to be at the rate of eight pounds the ton, for the fecond at fix pounds, and for the third at four pounds. It was not extended to Scotland, of which the climate (although hemp is fometimes raifed there, in fmall quantities and of an inferior quality,) is not very fit for that produce. Such a bounty upon the importation of Scotch flax into England would have been too great a dif-couragement to the native produce of the fouthern part of the United Kingdom.

The fourth bounty of this kind, was that granted by the 5 Geo. III. chap. 45. upon the importation of wood from America. It was granted for nine years, from the 1st January 1766, to the 1st January 1775. During the first three years, it was to be for every hundred and twenty good deals, at the rate of one pound; and for every load containing fifty cubic feet of other squared timber at the rate of twelve shillings. For the second three years, it was for deals to be at the rate of sifteen shillings, and for other squared timber, at the rate of eight shillings; and for the third three years, it was for deals to be at the rate of ten shillings, and for other squared timber, at the rate of sive shillings.

The

BOOK IV.

The fifth bounty of this kind, was that granted by the 9 Geo. III. chap. 38. upon the importation of raw filk from the British plantations. It was granted for twenty-one years, from the 1st January 1770, to the 1st January 1791. For the first seven years it was to be at the rate of twenty-sive pounds for every hundred pounds value; for the second, at twenty pounds; and for the third, at sisteen pounds. The management of the silk-worm, and the preparation of silk, requires so much hand labour; and labour is so very dear in America, that even this great bounty, I have been informed, was not likely to produce any considerable effect.

The fixth bounty of this kind, was that granted by 11 Geo. III. chap. 50. for the importation of pipe, hogshead, and barrel staves and heading, from the British plantations. It was granted for nine years, from 1st January 1772, to the 1st January 1781. For the first three years, it was for a certain quantity of each, to be at the rate of fix pounds; for the second three years, at four pounds; and for the third three years, at

two pounds.

The feventh and last bounty of this kind, was that granted by the 19 Geo. III. chap. 37. upon the importation of hemp from Ireland. It was granted in the same manner as that for the importation of hemp and undressed flax from America, for twenty-one years, from the 24th June 1779, to the 24th June 1800. This term is divided, likewise, into three periods of seven years each; and in each of those periods, the

rate of the Irish bounty is the same with that c HAP. of the American. It does not, however, like the American bounty, extend to the importation of undressed flax. It would have been too great a discouragement to the cultivation of that plant in Great Britain. When this last bounty was granted, the British and Irish legislatures were not in much better humour with one another, than the British and American had been before. But this boon to Ireland, it is to be hoped, has been granted under more fortunate auspices, than all those to America.

The fame commodities upon which we thus gave bounties, when imported from America, were subjected to confiderable duties when imported from any other country. The interest of our American colonies was regarded as the same with that of the mother country. Their wealth was confidered as our wealth. Whatever money was fent out to them, it was faid, came all back to us by the balance of trade, and we could never become a farthing the poorer, by any expence which we could lay out upon them. They were our own in every respect, and it was an expence laid out upon the improvement of our own property, and for the profitable employment of our own people. It is unnecessary, I apprehend, at present to say any thing further, in order to expose the folly of a system, which fatal experience has now fufficiently exposed. Had our American colonies really been a part of Great Britain, those bounties might have been considered as bounties upon production, and would BOOK still have been liable to all the objections to which IV. fuch bounties are liable, but to no other.

The exportation of the materials of manufacture is fometimes difcouraged by abfolute prohibitions, and fometimes by high duties.

Our woollen manufacturers have been more fuccefsful than any other class of workmen, in perfuading the legislature that the prosperity of the nation depended upon the fuccess and extension of their particular business. They have not only obtained a monopoly against the confumers by an absolute prohibition of importing woollen cloths from any foreign country; but they have likewife obtained another monopoly against the sheep farmers and growers of wool by a fimilar prohibition of the exportation of live sheep and wool. The feverity of many of the laws which have been enacted for the fecurity of the revenue is very justly complained of, as imposing heavy penalties upon actions which, antecedent to the statutes that declared them to be crimes, had always been understood to be innocent. But the cruellest of our revenue laws, I will venture to affirm, are mild and gentle, in comparison of some of those which the clamour of our merchants and manufacturers has extorted from the legislature, for the support of their own abfurd and oppreffive monopolies. Like the laws of Draco, thefe laws may be faid to be all written in blood.

By the 8th of Elizabeth, chap. 3. the exporter of fheep, lambs, or rams, was for the first offence to forfeit all his goods for ever, to suffer a year's imprisonment, and then to have his left hand cut

off in a market town upon a market day, to be C HAP. there nailed up; and for the fecond offence to be adjudged a felon, and to fuffer death accordingly. To prevent the breed of our fheep from being propagated in foreign countries, feems to have been the object of this law. By the 13th and 14th of Charles II. chap. 18. the exportation of wool was made felony, and the exporter fubjected to the fame penalties and forfeitures as a felon.

For the honour of the national humanity, it is to be hoped that neither of these statutes were ever executed. The first of them, however, so far as I know, has never been directly repealed, and Serjeant Hawkins feems to confider it as still in force. It may however, perhaps, be confidered as virtually repealed by the 12th of Charles II. chap. 32. feet. 3. which, without expressly taking away the penalties imposed by former statutes, imposes a new penalty, viz. That of twenty shillings for every sheep exported, or attempted to be exported, together with the forfeiture of the sheep and of the owner's share of the ship. The second of them was expressly repealed by the 7th and 8th of William III. chap. 28. fect. 4. By which it is declared that, " Whereas " the statute of the 13th and 14th of King " Charles II. made against the exportation of " wool, among other things in the faid act men-" tioned, doth enact the same to be deemed " felony; by the feverity of which penalty the profecution of offenders hath not been fo ef-" feetually put in execution: Be it therefore enacted by the authority foresaid, that so 66 much BOOK "much of the faid act, which relates to the "making the faid offence felony, be repealed "and made void."

The penalties, however, which are either imposed by this milder statute, or which, though imposed by former statutes, are not repealed by this one, are still sufficiently severe. Besides the forfeiture of the goods, the exporter incurs the penalty of three shillings for every pound weight of wool either exported or attempted to be exported, that is about four or five times the value. Any merchant or other person convicted of this offence, is difabled from requiring any debt or account belonging to him from any factor or other person. Let his fortune be what it will, whether he is, or is not able to pay those heavy penalties, the law means to ruin him completely. But as the morals of the great body of the people are not yet fo corrupt as those of the contrivers of this statute, I have not heard that any advantage has ever been taken of this clause. If the person convicted of this offence is not able to pay the penalties within three months after judgment, he is to be transported for feven years, and if he returns before the expiration of that term, he is liable to the pains of felony, without benefit of clergy. The owner of the ship, knowing this offence, forfeits all his interest in the ship and furniture. The master and mariners, knowing this offence, forfeit all their goods and chattels, and fuffer three months imprisonment. By a subsequent statute the master fuffers fix months imprisonment.

In order to prevent exportation, the whole CHAP. inland commerce of wool is laid under very burdensome and oppressive restrictions. It cannot be packed in any box, barrel, cask, case, chest, or any other package, but only in packs of leather or pack-cloth, on which must be marked on the outfide the words wool or yarn, in large letters not less than three inches long, on pain of forfeiting the fame and the package, and three shillings for every pound weight, to be paid by the owner or packer. It cannot be loaden on any horse or cart, or carried by land within five miles of the coast, but between fun-rising and fun-setting, on pain of forfeiting the same, the horses and carriages. The hundred next adjoining to the sea coast, out of or through which the wool is carried or exported, forfeits twenty pounds, if the wool is under the value of tenpounds; and if of greater value, then treble that value, together with treble costs, to be fued for within the year. The execution to be against any two of the inhabitants, whom the feffions must re-imburse, by an affessiment on the other inhabitants, as in the cases of robbery. And if any perfon compounds with the hundred for less than this penalty, he is to be imprisoned for five years; and any other person may prosecute. These regulations take place through the whole kingdom.

But in the particular counties of Kent and Suffex the reftrictions are still more troublesome. Every owner of wool within ten miles of the seacoast must give an account in writing, three days

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BOOK after shearing to the next officer of the customs, of the number of his fleeces, and of the places where they are lodged. And before he removes any part of them he must give the like notice of the number and weight of the fleeces, and of the name and abode of the person to whom they are fold, and of the place to which it is intended they should be carried. No person within fifteen miles of the fea, in the faid counties, can buy any wool, before he enters into bond to the King, that no part of the wool which he shall so buy shall be fold by him to any other person within fifteen miles of the fea. If any wool is found carrying towards the fea-fide in the faid counties, unless it has been entered and security given as aforefaid, it is forfeited, and the offender alfo forfeits three shillings for every pound weight. If any person lays any wool, not entered as aforefaid, within fifteen miles of the fea, it must be seized and forfeited; and if, after fuch feizure, any person shall claim the same, he must give security to the Exchequer, that if he is cast upon trial he shall pay treble costs, besides all other penalties.

When fuch reftrictions are imposed upon the inland trade, the coasting trade, we may believe, cannot be left very free. Every owner of wool who carrieth or caufeth to be carried any wool to any port or place on the fea-coaft, in order to be from thence transported by fea to any other place or port on the coast, must first cause an entry thereof to be made at the port from whence it is intended to be conveyed, containing the

weight.

weight, marks, and number of the packages CHAP. before he brings the same within five miles of that port; on pain of forfeiting the same, and also the horses, carts, and other carriages; and also of suffering and forseiting, as by the other laws in force against the exportation of wool. This law, however, (1 Will. III. chap. 32.) is fo very indulgent as to declare, that "this shall not " hinder any person from carrying his wool " home from the place of fhearing, though it be " within five miles of the fea, provided that in " ten days after shearing, and before he remove " the wool, he do under his hand certify to the " next officer of the customs, the true number of fleeces, and where it is housed; and do not " remove the same, without certifying to such officer, under his hand, his intention fo to do, " three days before." Bond must be given that the wool to be carried coast-ways is to be landed at the particular port for which it is entered outwards; and if any part of it is landed without the presence of an officer, not only the forfeiture of the wool is incurred as in other goods, but the usual additional penalty of three shillings for every pound weight is likewise incurred.

Our woollen manufacturers, in order to justify their demand of such extraordinary restrictions and regulations, considently afferted, that English wool was of a peculiar quality, superior to that of any other country; that the wool of other countries could not, without some mixture of it, be wrought up into any tolerable manufacture; that fine cloth could not be made without it;

BOOK that England, therefore, if the exportation of it could be totally prevented, could monopolize to herfelf almost the whole woollen trade of the world; and thus, having no rivals, could fell at what price she pleased, and in a short time acquire the most incredible degree of wealth by the most advantageous balance of trade. This doctrine, like most other doctrines which are confidently afferted by any confiderable number of people, was, and still continues to be, most implicitly believed by a much greater number; by almost all those who are either unacquainted with the woollen trade, or who have not made particular enquiries. It is, however, so perfectly false, that English wool is in any respect necesfary for the making of fine cloth, that it is altogether unfit for it. Fine cloth is made altogether of Spanish wool. English wool cannot be even fo mixed with Spanish wool as to enter into the composition without spoiling and degrading, in fome degree, the fabric of the cloth.

It has been shown in the foregoing part of this work, that the effect of these regulations has been to depress the price of English wool, not only below what it naturally would be in the pre-fent times, but very much below what it actually was in the time of Edward III. The price of Scots wool, when in confequence of the union it became subject to the same regulations, is said to have fallen about one half. It is observed by the very accurate and intelligent author of the Memoirs of Wool, the Reverend Mr. John Smith, that the price of the best English wool in

England

England is generally below what wool of a very charter inferior quality commonly fells for in the market of Amfterdam. To deprefs the price of this commodity below what may be called its natural and proper price, was the avowed purpose of those regulations; and there seems to be no doubt of their having produced the effect that was expected from them.

This reduction of price, it may perhaps be thought, by discouraging the growing of wool, must have reduced very much the annual produce of that commodity, though not below what it formerly was, yet below what, in the prefent flate of things, it probably would have been, had it, in consequence of an open and free market, been allowed to rife to the natural and proper price. I am, however, disposed to believe, that the quantity of the annual produce cannot have been much, though it may perhaps have been a little, affected by these regulations. The growing of wool is not the chief purpose for which the sheep farmer employs his industry and flock. He expects his profit, not fo much from the price of the fleece, as from that of the carcase; and the average or ordinary price of the latter, must even, in many cases, make up to him whatever deficiency there may be in the average or ordinary price of the former. It has been observed in the foregoing part of this work, that "Whatever regulations tend to fink the price, either of wool or of raw hides, below what it naturally would be, must, in an improved and cultivated country, have some " tendency кк 3

BOOK IV.

" tendency to raife the price of butchers' meat. " The price both of the great and finall cattle " which are fed on improved and cultivated " land, must be sufficient to pay the rent which " the landlord, and the profit which the farmer " has reason to expect from improved and cultivated land. If it is not, they will soon cease " to feed them. Whatever part of this price, " therefore, is not paid by the wool and the " hide, must be paid by the carcase. The less " there is paid for the one, the more must be " paid for the other. In what manner this price is to be divided upon the different parts of the beaft, is indifferent to the landlords and " farmers, provided it is all paid to them. In " an improved and cultivated country, there-" fore, their interest as landlords and farmers " cannot be much affected by fuch regulations, " though their interest as confumers may, by " the rife in the price of provisions." According to this reasoning, therefore, this degradation in the price of wool is not likely, in an improved and cultivated country, to occasion any diminution in the annual produce of that commodity; except fo far as, by raifing the price of mutton, it may fomewhat diminish the demand for, and confequently the production of, that particular fpecies of butchers' meat. Its effect, however, even in this way, it is probable, is not very confiderable.

But though its effect upon the quantity of the annual produce may not have been very confiderable, its effect upon the quality, it may perhaps

perhaps be thought, must necessarily have been CHAP. very great. The degradation in the quality of English wool, if not below what it was in former times, yet below what it naturally would have been in the prefent state of improvement and cultivation, must have been, it may perhaps be supposed, very nearly in proportion to the degradation of price. As the quality depends upon the breed, upon the pasture, and upon the management and cleanliness of the sheep, during the whole progress of the growth of the fleece, the attention to these circumstances, it may naturally enough be imagined, can never be greater than in proportion to the recompence which the price of the fleece is likely to make for the labour and expence which that attention requires. It happens, however, that the goodness of the fleece depends, in a great measure, upon the health, growth, and bulk of the animal; the fame attention which is necessary for the improvement of the carcase, is, in some respects, sufficient for that of the fleece. Notwithstanding the degradation of price, English wool is faid to have been improved confiderably during the course even of the present century. The improvement might perhaps have been greater if the price had been better; but the lowness of price, though it may have obstructed, yet certainly it has not altogether prevented that improvement.

The violence of these regulations, therefore, seems to have affected neither the quantity nor the quality of the annual produce of wool so

much

though I think it probable that it may have affected the latter a good deal more than the former); and the interest of the growers of wool, though it must have been hurt in some degree, feems, upon the whole, to have been much less hurt than could well have been imagined.

These considerations, however, will not justify the absolute prohibition of the exportation of wool. But they will fully justify the imposition of a considerable tax upon that exportation.

To hurt in any degree the interest of any one order of citizens, for no other purpose but to promote that of some other, is evidently contrary to that justice and equality of treatment which the Sovereign owes to all the different orders of his subjects. But the prohibition certainly hurts, in some degree, the interest of the growers of wool, for no other purpose but to promote that of the manufacturers.

Every different order of citizens is bound to contribute to the fupport of the fovereign or commonwealth. A tax of five, or even of ten shillings upon the exportation of every ton of wool, would produce a very confiderable revenue to the fovereign. It would hurt the interest of the growers somewhat less than the prohibition, because it would not probably lower the price of wool quite so much. It would afford a sufficient advantage to the manufacturer, because, though he might not buy his wool altogether so cheap as under the prohibition, he would still buy it, at least, five or ten shillings cheaper than

any foreign manufacturer could buy it, befides C HAP. faving the freight and infurance, which the other would be obliged to pay. It is fcarce possible to devise a tax which could produce any considerable revenue to the Sovereign, and at the same time occasion so little inconveniency to any body.

The prohibition, notwithflanding all the penalties which guard it, does not prevent the exportation of wool. It is exported, it is well known, in great quantities. The great difference between the price in the home and that in the foreign market, prefents such a temptation to smuggling, that all the rigour of the law cannot prevent it. This illegal exportation is advantageous to nobody but the smuggler. A legal exportation subject to a tax, by affording a revenue to the Sovereign, and thereby saving the imposition of some other, perhaps, more burdensome and inconvenient taxes, might prove advantageous to all the different subjects of the state.

The exportation of fuller's earth, or fuller's clay, supposed to be necessary for preparing and cleansing the woollen manufactures, has been subjected to nearly the same penalties as the exportation of wool. Even tobacco-pipe clay, though acknowledged to be different from suller's clay, yet, on account of their resemblance, and because suller's clay might sometimes be exported as tobacco-pipe clay, has been laid under the same prohibitions and penalties.

BOOK By the 13th and 14th of Charles II. chap. 7. the exportation, not only of raw hides, but of tanned leather, except in the shape of boots, fhoes, or flippers, was prohibited; and the law gave a monopoly to our boot-makers and shoemakers, not only against our graziers, but against our tanners. By fubfequent flatutes, our tanners have got themselves exempted from this monopoly, upon paying a fmall tax of only one shilling on the hundred weight of tanned leather, weighing one hundred and twelve pounds. They have obtained likewife the drawback of twothirds of the excife duties imposed upon their commodity, even when exported without further manufacture. All manufactures of leather may be exported duty free; and the exporter is befides entitled to the drawback of the whole duties of excife. Our graziers still continue subject to the old monopoly. Graziers feparated from one another, and difperfed through all the different corners of the country, cannot, without great difficulty, combine together for the purpose either of imposing monopolies upon their fellow-citizens, or of exempting themselves from fuch as may have been imposed upon them by other people. Manufacturers of all kinds, collected together in numerous bodies in all great cities, eafily can. Even the horns of cattle are prohibited to be exported; and the two infignificant trades of the horner and combmaker enjoy, in this respect, a monopoly against the graziers.

Restraints.

Reftraints, either by prohibitions or by CHAP. taxes, upon the exportation of goods which are partially, but not completely manufactured, are not peculiar to the manufacture of leather. As long as any thing remains to be done, in order to fit any commodity for immediate use and confumption, our manufacturers think that they themselves ought to have the doing of it. Woollen yarn and worsted are prohibited to be exported under the fame penalties as wool. Even white cloths are subject to a duty upon exportation, and our dyers have fo far obtained a monopoly against our clothiers. Our clothiers would probably have been able to defend themselves against it, but it happens that the greater part of our principal clothiers are themselves likewise dyers. Watch-cases, clock-cases, and dial-plates for clocks and watches, have been prohibited to be exported. Our clock-makers and watchmakers are, it feems, unwilling that the price of this fort of workmanship should be raised upon

them by the competition of foreigners.

By fome old statutes of Edward III., Henry VIII., and Edward VI., the exportation of all metals was prohibited. Lead and tin were alone excepted; probably on account of the great abundance of those metals; in the exportation of which, a considerable part of the trade of the kingdom in those days consisted. For the encouragement of the mining trade, the 5th of William and Mary, chap. 17. exempted from this prohibition, iron, copper, and mundic metal made from British ore. The exportation of all

BOOK forts of copper bars, foreign as well as British, was afterwards permitted by the 9th and 10th of William III. chap. 26. The exportation of unmanufactured brass, of what is called gun-metal, bell-metal, and shroff-metal, still continues to be prohibited. Brass manufactures of all forts may

be exported duty free.

The exportation of the materials of manufacture, where it is not altogether prohibited, is in many cases subjected to considerable duties.

By the 8th George I. chap. 15., the exportation of all goods, the produce or manufacture of Great Britain, upon which any duties had been imposed by former flatutes, was rendered duty free. The following goods, however, were excepted: Allum, lead, lead ore, tin, tanned leather, copperas, coals, wool cards, white woollen cloths, lapis calaminaris, skins of all forts, glue, coney hair or wool, hares wool, hair of all forts, horfes, and litharge of lead. If you except horses, all these are either materials of manufacture, or incomplete manufactures (which may be confidered as materials for still further manufacture), or inftruments of trade. This statute leaves them subject to all the old duties which had ever been imposed upon them, the old fubfidy and one per cent. outwards.

By the same statute a great number of foreign drugs for dyers use, are exempted from all duties upon importation. Each of them, however, is afterwards subjected to a certain duty, not indeed a very heavy one, upon exportation. Our dyers, it seems, while they thought it for

their

their interest to encourage the importation of c hap. those drugs, by an exemption from all duties, thought it likewise for their interest to throw some small discouragement upon their exportation. The avidity, however, which suggested this notable piece of mercantile ingenuity, most probably disappointed itself of its object. It necessarily taught the importers to be more careful than they might otherwise have been, that their importation should not exceed what was necessary for the supply of the home market. The home market was at all times likely to be more scantily supplied; the commodities were at all times likely to be somewhat dearer there than they would have been, had the exportation been rendered as free as the importation.

By the above-mentioned statute, gum, senega, or gum arabic, being among the enumerated dying drugs, might be imported duty free. They were subjected, indeed, to a small poundage duty, amounting only to three pence in the hundred weight upon their re-exportation. France enjoyed, at that time, an exclusive trade to the country most productive of those drugs, that which lies in the neighbourhood of the Senegal; and the British market could not be easily supplied by the immediate importation of them from the place of growth. By the 25th Geo. II. therefore, gum senega was allowed to be imported (contrary to the general dispositions of the act of navigation), from any part of Europe. As the law, however, did not mean to encourage

this

BOOK this species of trade, so contrary to the general principles of the mercantile policy of England, it imposed a duty of ten shillings the hundred weight upon fuch importation, and no part of this duty was to be afterwards drawn back upon its exportation. The fuccefsful war which began in 1755 gave Great Britain the same exclusive trade to those countries which France had enjoyed before. Our manufacturers, as foon as the peace was made, endeavoured to avail themfelves of this advantage, and to establish a monopoly in their own favour, both against the growers, and against the importers of this commodity. By the 5th Geo. III. therefore, chap. 37. the exportation of gum senega from His Majesty's dominions in Africa was confined to Great Britain, and was subjected to all the same restrictions, regulations, forfeitures and penalties, as that of the enumerated commodities of the British colonies in America and the West Indies. Its importation, indeed, was subjected to a small duty of fix-pence the hundred weight, but its reexportation was subjected to the enormous duty of one pound ten shillings the hundred weight. It was the intention of our manufacturers that the whole produce of those countries should be imported into Great Britain, and in order that they themselves might be enabled to buy it at their own price, that no part of it should be exported again, but at fuch an expence as would fufficiently discourage that exportation. Their avidity, however, upon this, as well as upon many other occasions, disappointed itself of its object.

object. This enormous duty prefented fuch a C HAP. temptation to fmuggling, that great quantities of this commodity were clandestinely exported, probably to all the manufacturing countries of Europe, but particularly to Holland, not only from Great Britain but from Africa. Upon this account, by the 14 Geo. III. chap. 10. this duty upon exportation was reduced to five shillings the hundred weight.

In the book of rates, according to which the old fubfidy was levied, beaver fkins were eftimated at fix shillings and eight-pence a-piece, and the different subsidies and imposts, which before the year 1722 had been laid upon their importation, amounted to one-fifth part of the rate, or to fixteen-pence upon each skin; all of which, except half the old subsidy, amounting only to two-pence, was drawn back upon exportation. This duty upon the importation of fo important a material of manufacture had been thought too high, and, in the year 1722, the rate was reduced to two shillings and fix-pence, which reduced the duty upon importation to fix-pence, and of this only one half was to be drawn back upon exportation. The same successful war put the country most productive of beaver under the dominion of Great Britain, and beaver skins being among the enumerated commodities, their exportation from America was confequently confined to the market of Great Britain. Our manufacturers foon bethought themselves of the advantage which they might make of this circumstance. and in the year 1764, the duty upon the importa-

tion

but the duty upon exportation was raifed to fevenpence each skin, without any drawback of the
duty upon importation. By the same law, a duty
of eighteen-pence the pound was imposed upon
the exportation of beaver-wool or wombs,
without making any alteration in the duty
upon the importation of that commodity, which,
when imported by British and in British shipping, amounted at that time to between four-

pence and five-pence the piece.

Coals may be confidered both as a material of manufacture and as an inftrument of trade. Heavy duties, accordingly, have been imposed upon their exportation, amounting at present (1783) to more than five shillings the ton, or to more than fifteen shillings the chaldron, Newcastle measure; which is in most cases more than the original value of the commodity at the coal pit, or even at the shipping port for exportation.

The expertation, however, of the inftruments of trade, properly fo called, is commonly reftrained, not by high duties, but by abfolute prohibitions. Thus by the 7th and 8th of William III. chap. 20. fect. 8. the exportation of frames or engines for knitting gloves or flockings is prohibited under the penalty, not only of the forfeiture of fuch frames or engines, fo exported, or attempted to be exported, but of forty pounds, one half to the King, the other to the perfon who shall inform or sue for the same. In the same manner by the 14th Geo. III. chap. 71. the exportation to soreign

parts, of any utenfils made use of in the cotton, c HAP. linen, woollen and filk manufactures, is prohibited under the penalty, not only of the forfeiture of such utenfils, but of two hundred pounds, to be paid by the person who shall offend in this manner, and likewise of two hundred pounds to be paid by the master of the ship who shall knowingly suffer such utenfils to be loaded on board his ship.

When fuch heavy penalties were imposed upon the exportation of the dead inftruments of trade, it could not well be expected that the living inftrument, the artificer, should be allowed to go free. Accordingly, by the 5 Geo. I. chap. 27. the person who shall be convicted of enticing any artificer of, or in any of the manufactures of Great Britain, to go into any foreign parts, in order to practife or teach his trade, is liable for the first offence to be fined in any fum not exceeding one hundred pounds, and to three months imprisonment, and until the fine shall be paid; and for the second offence, to be fined in any fum at the discretion of the court, and to imprisonment for twelve months, and until the fine shall be paid. By the 23 Geo. II. chap. 13. this penalty is increased for the first offence to five hundred pounds for every artificer fo enticed, and to twelve months imprisonment, and until the fine shall be paid; and for the fecond offence, to one thousand pounds, and to two years imprisonment, and until the fine shall be paid.

BOOK By the former of those two statutes, upon proof IV. , that any person has been enticing any artificer, or that any artificer has promifed or contracted to go into foreign parts for the purpofes aforefaid, fuch artificer may be obliged to give fecurity at the difcretion of the court, that he shall not go beyond the feas, and may be committed to prison until he give such fecurity.

> If any artificer has gone beyond the feas, and is exercifing or teaching his trade in any foreign country, upon warning being given to him by any of His Majesty's Ministers or Confuls abroad, or by one of His Majesty's Secretaries of State for the time being, if he does not, within fix months after fuch warning, return into this realm, and from thenceforth abide and inhabit continually within the fame, he is from thenceforth declared incapable of taking any legacy devised to him within this kingdom, or of being executor or administrator to any person, or of taking any lands within this kingdom by defcent, devife, or purchase. He likewise forfeits to the King all his lands, goods and chattels, is declared an alien in every respect, and is put out of the King's protection.

It is unnecessary, I imagine, to observe, how contrary fuch regulations are to the boafted liberty of the subject, of which we affect to be so very jealous; but which, in this cafe, is fo plainly facrificed to the futile interests of our merchants and manufacturers.

The laudable motive of all these regulations, c hap is to extend our own manufactures, not by their own improvement, but by the depression of those of all our neighbours, and by putting an end, as much as possible, to the troublesome competition of such odious and disagreeable rivals. Our master manufacturers think it reasonable, that they themselves should have the monopoly of the ingenuity of all their countrymen. Though by restraining, in some trades, the number of apprentices which can be employed at one time, and by imposing the necessity of a long apprenticeship in all trades, they endeavour, all of them, to confine the knowledge of their respective employments to as small a number as possible: they are unwilling, however, that any part of this small number should go abroad to instruct foreigners.

Confumption is the fole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer. The maxim is so perfectly self-evident, that it would be absurd to attempt to prove it. But in the mercantile system, the interest of the consumer is almost constantly sacrificed to that of the producer; and it seems to consider production, and not consumption, as the ultimate end and object of all industry and commerce.

In the restraints upon the importation of all foreign commodities which can come into competition with those of our own growth, or manufacture, the interest of the home consumer is

BOOK evidently facrificed to that of the producer. It is altogether for the benefit of the latter, that the former is obliged to pay that enhancement of price which this monopoly almost always occasions.

It is altogether for the benefit of the producer that bounties are granted upon the exportation of fome of his productions. The home-confumer is obliged to pay, first, the tax which is necessary for paying the bounty, and secondly, the still greater tax which necessarily arises from the enhancement of the price of the commodity in the home market.

By the famous treaty of commerce with Portugal, the confumer is prevented by high duties from purchasing of a neighbouring country, a commodity which our own climate does not produce, but is obliged to purchase it of a distant country, though it is acknowledged, that the commodity of the diftant country is of a worse quality than that of the near one. The home-confumer is obliged to fubmit to this inconveniency, in order that the producer may import into the distant country some of his productions upon more advantageous terms than he would otherwife have been allowed to do. The confumer, too, is obliged to pay whatever enhancement in the price of those very productions, this forced exportation may occasion in the home market.

But in the fystem of laws which has been established for the management of our American and West Indian colonies, the interest of the home-confumer has been facrificed to that of CHAP. the producer with a more extravagant profusion than in all our other commercial regulations, A great empire has been established for the sole purpose of raising up a nation of customers who should be obliged to buy from the shops of our different producers, all the goods with which thefe could fupply them. For the fake of that little enhancement of price which this monopoly might afford our producers, the home-confumers have been burdened with the whole expence of maintaining and defending that empire. For this purpose, and for this purpose only, in the two last wars, more than two hundred millions have been fpent, and a new debt of more than a hundred and feventy millions has been contracted over and above all that had been expended for the same purpose in former wars. The interest of this debt alone is not only greater than the whole extraordinary profit, which, it ever could be pretended, was made by the monopoly of the colony trade, but than the whole value of that trade, or than the whole value of the goods, which at an average have been annually exported to the colonies,

It cannot be very difficult to determine who have been the contrivers of this whole mercantile fystem; not the confumers, we may believe, whose interest has been entirely neglected; but the producers, whose interest has been so carefully attended to; and among this latter class our merchants and manufacturers have been by

far

BOOK far the principal architects. In the mercantile regulations, which have been taken notice of in this chapter, the interest of our manufacturers has been most peculiarly attended to; and the interest, not so much of the consumers as that of some other sets of producers, has been facrificed to it.

APPENDIX.

THE two following Accounts are subjoined in order to illustrate and confirm what is said in the Fifth Chapter of the Fourth Book, concerning the Tonnage bounty to the White Herring Fishery. The Reader, I believe, may depend upon the accuracy of both Accounts.

An Account of Busses sitted out in Scotland for Eleven Years, with the Number of Empty Barrels carried out, and the Number of Barrels of Herrings caught; also the Bounty at a Medium on each Barrel of Seasteeks, and on each Barrel when fully packed.

Years.	Number of Buffes.	Empty Barrels carried out.	Barrels of Her- rings caught.	Bounty paid on the Buffes.			
				€ 8	s. d.		
1771	29	5948	2832	2085	0 .0		
1772	168	41316	22237	11055	7 6		
1773	190	42333	42055	12510	8 6		
1774	248	59303	56365	16952	2 6		
1775		69144	52879	19315	15 0		
1776	294	76329	51863	21290	7 6		
1777	1	62679	43313	17592	2 6		
1778	-	56390	40958	16316	2 6		
1779	1 -	55194	29367	15287	0 0		
1780	1	48315	19885	-3113	12 6		
1781	135	33992	16593	9613	12 6		
Tota	1,2186	550943	378347	155463	11 0		

Seafteeks

Seafteeks 378347

Bounty at a medium for each barrel of feafteeks, £0 8 2½

But a barrel of feafleeks being only reckoned two-thirds of a barrel fully packed, one-third is deducted, which brings the bounty to £0 12 3³/₄

1 deducted 126115²

Barrels full 2522311

And if the herrings are exported, there is befides a premium of - 0 2

So that the bounty paid by Government in money for each barrel, is - - & 14 113

But if to this, the duty of the falt usually taken credit for as expended in curing each barrel, which at a medium is of foreign, one bushel and one-fourth of a bushel at 10s. a bushel, be added, viz.

0 12 6

The bounty on each barrel would amount to - - - £ 1 7 5³/₄

If the herrings are cured with British falt, it will stand thus, viz.

Bounty as before - - £0 14 11½
—but if to this bounty the duty on
two bushels of Scots salt at 1s. 6d.
per bushel, supposed to be the
quantity at a medium used in curing each barrel is added, to wit, 0 3 0

The bounty on each barrel will amount to - - £0 17 113 4

And,

When buss herrings are entered for home confumption in Scotland, and pay the shilling a barrel of duty, the bounty stands thus, to wit as before - £0 12 3½

From which the 1s. a barrel is to be deducted

0 11 33

0

But to that there is to be added again, the duty of the foreign falt used in curing a barrel of herrings, viz.

0 12 6

So that the premium allowed for each barrel of herrings entered for home confumption is

€1 3 93

If the herrings are cured with British falt, it will stand as follows, viz.

Bounty on each barrel brought in by the buffes as above - £0 12 3½

From which deduct the 1s. a barrel paid at the time they are entered for home confumption

£0 11 33

But if to the bounty the duty on two bushels of Scots salt, at 18.6d. per bushel, supposed to be the quantity at a medium used in curing each barrel, is added, to wit,

0 3 0

The premium for each barrel entered for home confumption will be $\mathscr{L} \circ 14 \quad 3^{\frac{3}{4}}$

Though the loss of duties upon herrings exported cannot, perhaps, properly be confidered as bounty; that upon herrings entered for home confumption certainly may.

An Account of the Quantity of Foreign Salt imported into Scotland, and of Scots Salt delivered Duty free from the Works there for the Fishery, from the 5th of April 1771 to the 5th of April 1782, with a Medium of both for one Year.

PERIOD.	Foreign Salt imported. Bushels.	Scots Salt de- livered from the Works.	
From the 5th of April 1771, to the 5th of April 1782.	93 ⁶ 974	168226	
Medium for one Year	85179 = 5	15293 ³	

It is to be observed that the Bushel of Foreign Salt weighs 84lb. that of British Salt 56lb. only.

END OF THE SECOND VOLUME.











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